Document émis électroniquement

Registre de Commerce et des Sociétés
B177275 - L150147692
déposé le 07/08/2015

MENTION

Dénomination / Raison sociale de la société : Eurasian Resources Group S.à r.l.
Siège social : 9, rue Sainte Zithe, L-2763 Luxembourg
N° du Registre de Commerce : **B 177.275**

N° code donneur d'ordre : 1026

Les comptes consolidés de la société Eurasian Resources Group S.à r.l. au 31 décembre 2014 ont été déposés au Registre de Commerce et des Sociétés.

Pour mention aux fins de publication au Mémorial, Recueil Spécial des Sociétés et Associations.

Registre de Commerce et des Sociétés
B177275 - L150147692
enregistré et déposé le 07/08/2015

Eurasian Resources Group S.à r.l.

Consolidated financial statements 2014

9, rue Sainte Zithe
L-2763 Luxembourg
B 177.275

Page	Contents

Note on the preparation of this report

The abbreviations used throughout this document are as follows:

ERG = Eurasian Resources Group S.à r.l. (the ultimate parent company of the Group)

Group = ERG and its subsidiaries

ERG BV = Eurasian Resources Group B.V. (a wholly owned subsidiary of ERG)

ENRC = Eurasian Natural Resources Corporation Limited, formerly Eurasian Natural Resources Corporation PLC

The review and analysis of the business, financial and operational performance, as well as the computation of key performance indicators of the Group in these financial statements have been based on a consolidated proforma balance sheet and income statement for the Group. The information in these sections is unaudited unless otherwise stated.

The consolidated proforma balance sheet and income statement, which are unaudited, have been prepared on the basis that ENRC and its subsidiaries have been part of the Group since 1 January 2013 and hence the 2013 financial results of ENRC and its subsidiaries have been included for the entire financial year. This proforma balance sheet and income statement have been prepared by aggregating the financial statements of ERG, ERG BV and ENRC and its subsidiaries. This illustrative proforma information excludes the impact of any fair value adjustments arising from the acquisition of ENRC in 2013 which the Group had recorded in its financial statements. The purpose of the illustrative proforma information is to provide a comparable base to analyse the Group's performance in 2014 against prior year.

Business Review

Acquisition of ENRC

On 24 June 2013, ERG BV, a wholly owned subsidiary of ERG, announced the terms of an offer for the entire issued share capital of ENRC, other than the shares already held by ERG BV. ERG is a consortium comprised of the Group's founding shareholders, Mr Alexander Machkevitch, Mr Alijan Ibragimov and Mr Patokh Chodiev, as well as the State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan. Under the terms of the offer, ENRC shareholders received US$2.65 in cash and 0.230 Kazakhmys shares for each ENRC share. The offer went unconditional on 25 October 2013 and ENRC was delisted from the London Stock Exchange on 25 November 2013. The offer to shareholders closed on 16 December 2013, with ENRC delisting from the Kazakhstan Stock Exchange on 27 December 2013 and being re-registered as a Limited company on 16 January 2014. ERG currently owns approximately 99.81% of the shares in ENRC, with the remaining shares held by minority shareholders who did not to participate in the offer.

Strategy

The Group has undertaken a complete strategic review of all of its assets as well as an in-depth study of the long-term viability of its investments, which has allowed the Group to prioritise its core assets and certain strategic projects for further development, both in Kazakhstan and internationally.

Non-core assets within the Group's asset portfolio (mainly greenfield and minority share projects) are to be divested. The process has started in 2014 with the disposal of the Chambishi slag dump (Other Non-ferrous Division), Zhairemsky GOK JSC, and continued in 2015 with the disposal of Serov Ferroalloy Plant JSC and Saranovskaya Mine Rudnaya (Ferroalloys Division).

The Group has also launched across-the-board business improvement programmes focusing on best working practice in each of the associated industries, optimising output, cost control and capital expenditure requirements to maximize the profit and return on its assets. The programmes have already produced significant achievements, particularly in terms of unit cost control, and will be implemented further in line with the Group's continuous improvement initiative.

After the Group had been delisted from the London Stock Exchange and taken private, the corporate headquarters were successfully moved from London to Luxembourg in 2014. The management team has been reinforced, and changes in the corporate governance system have been initiated in order to bring business process management closer to the Group's value creation centres.

Corporate Governance and Compliance

The Board of Managers of ERG, composed of two representatives of the Government of Kazakhstan and three founding shareholders, give the direction to the Group for all aspects of corporate governance and compliance. The Board is committed to ensuring that the Group complies with laws relevant to its business wherever it operates. The Group is committed to continually improving the existing compliance framework across all of its businesses for the prevention of:

- Bribery and corruption;
- Assisting or facilitating money laundering;
- Anti-competitive behaviour; and
- Breaches of international sanctions regimes.

Substantial effort has been made to further strengthen and develop the compliance framework of the Group. It is designed around five elements:

- Board policies (including the code of conduct), which define the Board requirements with regard to key compliance risks;
- Competent compliance organisation, systems, tools and training;
- Regular management reporting on the status of compliance to the Compliance Committee and the Board;
- Internal Audit, which independently and objectively verifies compliance of business units and staff with the Group code of conduct and compliance policies; and
- A Whistleblowing Hotline and internal investigation process, which allows employees to report anonymously any suspicions of misconduct and which defines the requirement for handling such allegations by the Group in a competent, independent and objective way.

This work includes further implementation of procedures for approval of counterparties throughout the Group; embedding the counterparty due diligence process; and online training across the Group on counterparty due diligence, anti-money laundering and terrorist financing. Further training of staff related to the Group's updated code of conduct will take place during 2015.

The Serious Fraud Office (the 'SFO') Process
The Serious Fraud Office is an independent government department that investigates and prosecutes serious or complex fraud and corruption. The SFO forms part of the UK criminal justice system with jurisdiction in England. Between 2011 and 2013, ENRC was engaged in an internal investigation into certain matters, including allegations around its operations and assets in, and transactions involving, Kazakhstan and Africa (in particular, the Democratic Republic of Congo 'DRC'). Throughout that period, ENRC voluntarily provided the SFO with a considerable amount of information resulting from this investigation. In late April 2013, the SFO decided to open a formal investigation into ENRC. The SFO has recently confirmed that it is no longer "actively investigating" the Company's operations in Kazakhstan. The SFO have not indicated to ENRC the precise scope of their investigation into Africa. ENRC is represented by specialist external counsel. The investigation is continuing.

Health and safety
ERG is greatly saddened by 17 fatalities that occurred during the year (2013: 15), of which 13 were employees (2013: 12). The number of contractor fatalities increased to 4 in 2014 (2013: 3). The Board and senior management team would like to express sincere condolences to all the families involved in these tragic circumstances.

In 2014, 97 lost time injuries ('LTIs') to employees (2013: 85) were recorded. The LTI frequency rate was 0.70 (2013: 0.60). These numbers include all the reported employee fatality cases.

The Group remains committed to improving the safety of our employees and contractors and continue to make progress with our Group-wide safety improvement programme. We are paying increased attention to risk mitigation and to the process of safety improvements. With the help of DuPont we have finalised the implementation of the basic tools to control unsafe behaviour. We are committed to continue developing a safety culture with special attention to changing personal values for safety among our employees.

Proforma business performance
In response to challenging market conditions, the Group reviewed its production plan in order to enhance production efficiency and to maximise profitability. During 2014 we continued ramping up copper production in the Other Non-ferrous Division, with Frontier's output increasing almost 50% year-on-year. Ferroalloys production saw minor growth, while production of iron ore was reduced

driven by adverse pricing environment. In addition, production of alumina and aluminium was adjusted in accordance with the changing environment – lower at the beginning of the year and then later increased in order to benefit from improved LME prices and lower electricity tariffs resulting from the devaluation of the Kazakhstani tenge.

Total saleable ferroalloy production increased 0.7% against the prior year to 1,552 kt (2013: 1,541 kt). Total saleable iron ore concentrate and pellets production decreased by 6.6% to 14,925 kt (2013: 15,983 kt). Alumina production was 1,419 kt (2013: 1,590 kt), down 10.8% from 2013 and aluminium production 208 kt (2013: 251 kt), 17.1% down from the previous year. Total saleable copper contained production increased by 45% year-on-year to 123.4 kt (2013: 85.1 kt). In 2014, coal extraction remained at the same level as in 2013, with higher output from Shubarkol, up 9.5%, compensating for lower volumes from EEC, down by 3.8%.

The tenge devaluation in February 2014 had a positive impact on operating costs and along with various optimisation programmes implemented across operational units, helped to mitigate a severe reduction in commodity prices and drop in sales volumes. As a result of the devaluation, unit costs of commodities produced in Kazakhstan were noticeably lower than in the prior year. Ferroalloys and alumina unit costs benefited the most, while the devaluation effect on iron ore and coal was partially offset by a higher share of mine development costs, associated with accelerated overburden removal in order to reduce the backlog and a higher absorption rate of fixed costs spread over lower production volumes.

Proforma financial performance
Despite the pressure of a further drop in commodity prices, the Group was able to sustain proforma underlying EBITDA at the same level as in 2013, primarily benefiting from the tenge devaluation. For the year ended 31 December 2014, proforma underlying EBITDA amounted to US$1,847 million (2013: US$1,874 million).

Proforma revenue in 2014 amounted to US$5,831 million (2013: US$6,429 million) which was US$598 million, or 9.3% lower compared to the previous year. US$427 million of the revenue decrease was attributable to lower commodity prices, particularly for iron ore. A further US$189 million decrease was associated with a shortfall in sales volumes of ferroalloys, iron ore, alumina and aluminium. This was partially offset by a higher contribution from the Other Non-ferrous Division, with a higher output of copper and copper sulphide concentrate resulting from a further production ramp-up at Frontier.

Proforma cost of sales amounted to US$3,308 million (2013: US$3,844 million) which was US$536 million, or 13.9% lower than in the previous year. The cost of sales reduction was mainly a result of the tenge devaluation, since the majority of costs at production entities located in Kazakhstan are denominated in tenge. Additionally, there was an effect of volume reduction on cost of sales in comparison with 2013, with weaker sales of ferroalloys, iron ore, alumina and aluminium, being partially offset by a higher output of copper.

Proforma distribution costs decreased substantially to US$471 million (2013: US$551 million) due to lower sales of iron ore to China and lower railway costs for goods transported within Kazakhstan, mainly a result of the tenge devaluation.

Proforma general and administrative expenses remained at approximately the same level as in 2013 and amounted to US$682 million (2013: US$650 million). The slight increase was mainly associated with the restructuring of corporate offices.

Proforma exploration costs were reduced to US$30 million (2013: US$79 million) due to cutbacks in exploration programmes within the Other Non-ferrous Division.

ERG Group financial performance
The Group finalised its review of the fair value of assets and liabilities recognised at the date of acquisition for the ENRC transaction. As a result, the gain on acquisition recognised within the Consolidated income statement for the period ended 31 December 2013 has increased by US$64 million, from US$5,646 million to US$5,710 million.

Financing
The Group secured additional liquidity during the year with the signing of a US$350 million loan agreement with Development Bank of Kazakhstan. The loan is secured by guarantees from certain Group companies and was fully drawn as at 31 December 2014.

There were also several changes to existing facilities:

- The Group entered into an agreement to restructure its US$500 million FQM Promissory Note. A principal repayment of US$70 million was made on the original note and a new promissory note agreement of US$430 million was entered into with a maturity date of 31 December 2015. The note is secured by guarantees from certain Group companies. The original promissory note was extinguished in March 2014.
- The Group entered into an amendment to an existing US$2,000 million loan facility with Sberbank of Russia. This amendment reschedules the capital repayments, which reduced the existing contracted capital repayments during 2014 and quarter one of 2015, with the rescheduled balance being payable along with the final instalment in January 2017. An agreement was also signed with Sberbank of Russia to push down the existing facility, together with an existing term loan facility of US$500 million, into JSC TNC Kazchrome and SSGPO JSC. The pushdown was completed in May 2015.
- In October 2014, the Group's US$1,000 million facility with Russian Commercial Bank (Cyprus) Limited (part of the VTB group) was extended in two tranches. Tranche A for US$500 million was initially extended until the 31st March 2015 and subsequently further extended until the 31st March 2017, whereas Tranche B for US$500 million was extended until the 30th September 2016.

Full details of the new facility, amendments to existing facilities and facilities repaid are provided in note 30 and 42 to the Consolidated financial statements.

Debt Structure
The table below shows the Group's maturity profile of principal amounts at 31 December 2014, which excludes accrued interest and fee amortisation:

	In US$ millions
2015	1,187
2016	2,764
2017	1,012
2018	2,203
2019	96
2020	592
2021 – 2025	244

As at the end of 2014, the average maturity profile of outstanding debt was 3.1 years (2013: 3.6 years).

The Group's debt structure is analysed further in notes 30 and 35 to the Consolidated financial statements.

Going Concern
In addition to the increased debt burden following the acquisition of ENRC, the Group requires on-going access to capital to refinance debt maturities and support its sustaining and expansionary business plans. The Group continuously monitors its financial position to ensure sufficient liquidity headroom is in place to support its business needs and to ensure compliance with loan covenants or to obtain waivers where appropriate. However, due to this additional debt burden, both liquidity and compliance with certain loan covenants have become more sensitive to market changes, in particular those which impact the Group's underlying cash flows, such as commodity prices.

In order to mitigate this risk, the Group has taken a number of actions to ensure that there is sufficient resilience to such movements and provide additional headroom in both liquidity and loan covenant compliance, such as negotiating amendments to existing debt agreements, entering into new debt agreements and disposal of certain assets, as detailed in note 1 to the Consolidated financial statements.

The Board has reviewed the liquidity available to it for the period until 30 June 2016. There are periods of forecast limited liquidity as a result of the deterioration in market conditions primarily in respect of lower expected commodity prices and higher costs and the requirements to repay or refinance existing facilities (the Group's acquisition facility of US$1.7 billion falls due for repayment in June 2016).

The Managers note the uncertainties, in particular the material uncertainty in respect of the US$1.7 billion acquisition facility, above in reaching their conclusion in respect of the Group's ability to continue as a going concern. The Managers of the Group continue to believe that their strong relationships with existing banking partners and the Kazakhstan government will ensure continued support for the Group's business plans. Although there is currently no firm commitment with our banking partners to refinance the Group's acquisition facility, the Group is confident that given the continued support it has received that the maturity of this amount will be extended during the course of the year. In addition, the Board continue to review and optimize the Group's business plans in respect of operations and working capital management and are confident that additional liquidity improvements can be achieved.

Taking all of these factors into consideration, the Managers consider that the Group has adequate access to resources to continue its business operations for the foreseeable future.

Investment in assets
Management comprehensively reviewed its capital expenditure programme in order to reflect worsening market conditions and capital constraints faced by the Group and to outline the priorities in its approach to capital investments. The Group's focus in 2014 was on completion of the projects commenced in the last few years and on maintaining production capacity at the required level. Thus the New Aktobe Ferroalloy Plant began trial production at the end of 2014 with a designed annual capacity of 440kt of high-carbon ferrochrome. The additional capacity from the new plant, based on advanced technology, aims to boost ferrochrome production in 2015 and retain Kazchrome as a low cost ferrochrome producer.

The investments in Africa were focused on copper expansion projects, where the Group continued its development of Frontier.

Looking ahead

The latest update on the global economic outlook emphasises slower than expected growth in China and a much weaker outlook in Russia. China's investment growth declined at the end of 2014 and leading indicators point to a further slowdown. The projection for Russia reflects the economic impact of drastically reduced oil prices and increased geopolitical tensions. By contrast the Kazakhstani tenge is currently overvalued, and should this continue will impact the Group's costs as a substantial portion of the Group's costs are in Kazakhstan. In addition to a slowdown in the Group's major markets, there is a strong expectation of a further decline in iron ore and copper prices.

Given the above, the Group's management is highly committed to ensure immediate responses to changing circumstances, together with a focus on careful resource allocation in order to meet future expectations.

Key performance indicators

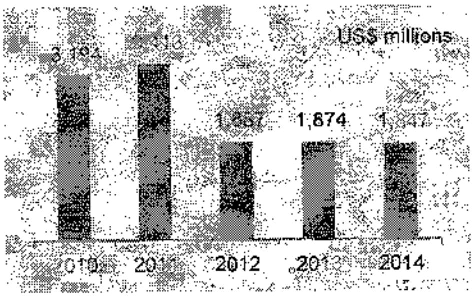
The key performance indicators ('KPI's) provide a means by which the Group measures its financial and sustainable development performance. The Group's performance against these measures is explained below.

Financial KPIs

Despite challenging financial environment and continuing market pressure, the Group was able to sustain its financial performance in line with the prior year.

Proforma underlying EBITDA[1]

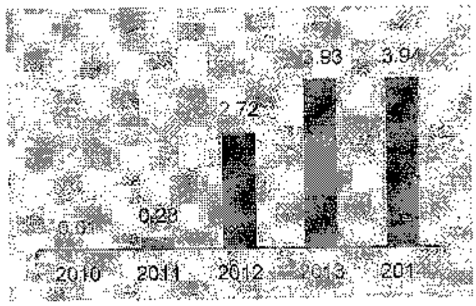
This is a measure of the underlying profitability of the Group. Despite severe decline in prices for some of the key commodities produced by the Group, the proforma Underlying EBITDA in 2014 has remained at similar levels in comparison to the two prior years. This was a result of thorough production planning and careful resources allocation combined with positive impact of devaluation of the Kazakhstani tenge.



[1]Definition of Underlying EBITDA can be found in note 40 to the Consolidated financial statements

Proforma net debt to proforma Underlying EBITDA[1]

Net debt is defined as external borrowings less cash and cash equivalents. The proforma net debt to proforma underlying EBITDA ratio reflects the liquidity position of the Group and the number of years it would take the Group to repay its debts based on its underlying profitability. The proforma ratio in 2014 remained at the same level as last year, reflecting stable Underlying EBITDA and similar level of net debt.



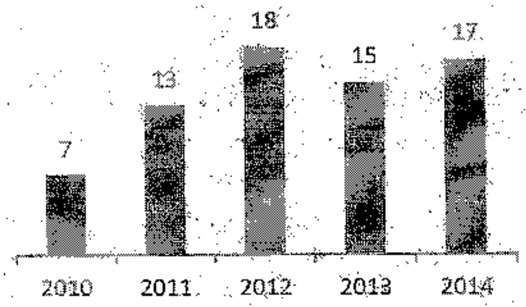
[1]Definition of Underlying EBITDA can be found in note 40 to the Consolidated financial statements.

Sustainability KPIs

In 2014 the Group continued to maintain key processes and controls over sustainability KPIs and to integrate our non-financial data into risk assessment and investment planning. Further details can be found in the sustainable development review on page 25.

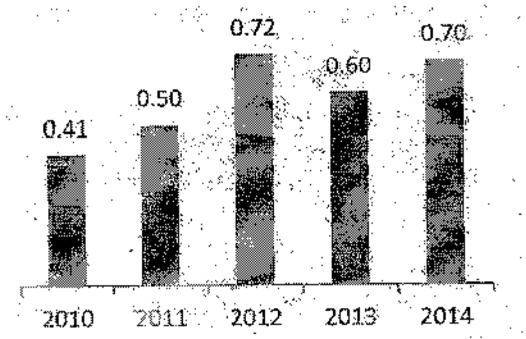
Work-related fatalities

The fatalities number for 2011, 2012, 2013 and 2014 includes both employees and contractors (2010 includes only employees' work-related fatalities). In 2014, 17 fatalities occurred during the year (2013: 15), of which 13 were employees (2013:12) and 4 contractors (2013: 3). Management are paying increased attention to employee and contractor safety management and supervision.



Lost time injury frequency rate ('LTIFR')

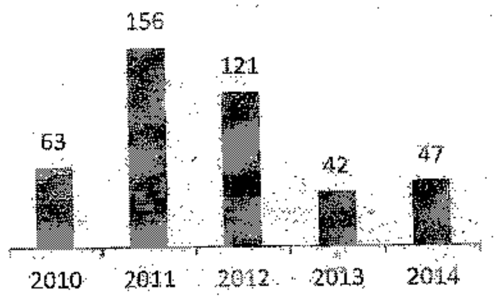
Insignificant increase in LTIFR is associated with increase of injuries at production entities of the Group. The root causes of each case were investigated and action plans to improve existing controls were developed.



Community social investment ('CSI')

Community development is a major part of the Group's social and cultural responsibilities particularly in Kazakhstan, but increasingly in Africa and Brazil.

In 2014, the Group's worldwide proforma CSI contributions were US$47 million (2013: US$42 million), of which US$7.3 million was in Africa, US$0.7 million in Brazil and US$1 million in Russia with the remainder in Kazakhstan.



Operational review

ERG is a global diversified mining group and operates through six divisions supported by central sales and marketing department. Five of these divisions are predominantly based in Kazakhstan with the Other Non-ferrous Division based in Africa.

Ferroalloys Division

The Ferroalloys Division primarily produces and sells ferrochrome, as well as other ferroalloys, for use as alloying products in the production of steel, whilst manganese and chrome ore are sold to third party producers of ferroalloys as well as the chemical industry. The Group is one of the large ferrochrome producers in the world by chrome content with the lowest production cost of high-carbon ferrochrome.

Iron Ore Division

The Iron Ore Division consists of producing assets in Kazakhstan and exploration and development assets in Brazil. In Kazakhstan the Iron Ore Division produces and sells iron ore concentrate and pellets primarily to steel producers and it is a material exporter of iron ore.

Alumina and Aluminium Division

The Alumina and Aluminium Division produces and sells alumina to aluminium producers, and also produces and sells the Group's own aluminium.

Other Non-ferrous Division

The Other Non-ferrous Division operates principally in the DRC, where it mines copper and cobalt and processes the ore. It also owns the Chambishi copper refinery in Zambia. In addition, the Group has a number of exploration and development assets primarily in the DRC, Mozambique, Zimbabwe and South Africa.

Energy Division

The Energy Division is one of the largest electricity providers and coal and semi-coke producers in Kazakhstan.

Logistics Division

The Logistics Division provides transportation and logistics services to the Group's principal Kazakhstani operating divisions, as well as to third parties.

Ferroalloys Division

Key Facts		2014 ERG	2013 ERG Proforma[1]	% Change[2]
Third-party Sales Volumes				
High-carbon ferrochrome	'000t	**1,132**	1,125	*0.6%*
Medium-carbon ferrochrome	'000t	**30**	39	*(23.1)%*
Low-carbon ferrochrome	'000t	**61**	73	*(16.4)%*
Ferrosilicochrome	'000t	**96**	95	*1.1%*
Ferrosilicomanganese	'000t	**132**	158	*(16.5)%*
Ferrosilicon	'000t	**33**	32	*3.1%*
Total Ferroalloys	'000t	**1,484**	1,522	*(2.5)%*
Chrome ore	'000t	**464**	704	*(34.1)%*
Manganese concentrate	'000t	**606**	624	*(2.9)%*
Production				
Chrome ore	'000t	**4,047**	3,916	*3.3%*
Manganese ore concentrate	'000t	**969**	995	*(2.6)%*
Ferroalloys total gross	'000t	**1,781**	1,757	*1.4%*
Ferroalloys total net	'000t	**1,552**	1,541	*0.7%*
High-carbon ferrochrome gross	'000t	**1,256**	1,235	*1.7%*
High-carbon ferrochrome net	'000t	**1,141**	1,124	*1.5%*

Results for the year/period

In millions of US$	2014 ERG Group (Audited)	2013 ERG Group (Audited)	2014 ERG Proforma	2013 ERG Proforma[1]	% Change[3]
Revenue	**2,376**	507	**2,376**	2,501	*(5.0)%*
Underlying EBITDA	**999**	(9)	**999**	815	*22.6%*

[1] The ERG Proforma numbers have been computed on the basis that ENRC was a subsidiary of ERG from the start of the 2013 financial year and not only for the period post acquisition. See page 3 for details.
[2] Represents the difference between 2014 ERG and 2013 ERG Proforma.
[3] Represents the difference between 2014 ERG Proforma and 2013 ERG Proforma.

The Ferroalloys Division contributed US$999 million to the Group's proforma Underlying EBITDA (2013: US$815 million). Weaker demand for ferroalloys resulted in lower sales volumes, which reduced the Division's proforma revenue by US$118 million. Average realised prices remained approximately at the same level as last year. The higher operating profit margin of the Division was mostly due to the tenge devaluation as the majority of costs in Kazakhstan are denominated in tenge.

Iron Ore Division

Key Facts		2014 ERG	2013 ERG Proforma[1]	% Change[2]
Third-party Sales Volumes				
Iron ore concentrate	'000t	**9,274**	9,479	*(2.2)%*
Iron ore pellet	'000t	**5,726**	6,741	*(15.1)%*
Production				
Iron ore mined	'000t	**38,827**	40,840	*(4.9)%*
Iron ore primary concentrate	'000t	**15,545**	16,748	*(7.2)%*

Results for the year/period

In millions of US$	2014 ERG Group (Audited)	2013 ERG Group (Audited)	2014 ERG Proforma	2013 ERG Proforma[1]	% Change[3]
Revenue	**1,323**	311	**1,323**	1,840	*(28.1)%*
Underlying EBITDA	**448**	105	**448**	806	*(44.4)%*

[1] The ERG Proforma numbers have been computed on the basis that ENRC was a subsidiary of ERG from the start of the 2013 financial year and not only for the period post acquisition. See page 3 for details.
[2] Represents the difference between 2014 ERG and 2013 ERG Proforma.
[3] Represents the difference between 2014 ERG Proforma and 2013 ERG Proforma.

The Iron Ore Division contributed US$448 million or 24.3% to the Group's proforma underlying EBITDA (2013: US$806 million). A sharp reduction in the Division's performance as compared to last year was caused by a dramatic fall in iron ore prices, not seen since the global economic downturn in 2009. Lower sales volumes of iron ore pellet to China also had a negative impact on revenue. Divisional results were positively impacted by the tenge devaluation. At the same time, higher costs were driven by increased stripping volumes and a higher absorption rate of fixed costs spread over lower production volumes.

Alumina and Aluminium Division

Key Facts		2014 ERG	2013 ERG Proforma[1]	% Change[2]
Third-party Sales Volumes				
Alumina	'000t	**1,018**	1,107	*(8.0)%*
Aluminium	'000t	**214**	252	*(15.1)%*
Production				
Bauxite mined	'000t	**4,516**	5,192	*(13.0)%*
Alumina produced	'000t	**1,419**	1,590	*(10.8)%*
Aluminium produced	'000t	**208**	251	*(17.1)%*

Results for the year/period

In millions of US$	2014 ERG Group (Audited)	2013 ERG Group (Audited)	2014 ERG Proforma	2013 ERG Proforma[1]	% Change[3]
Revenue	**782**	132	**782**	877	*(10.8)%*
Underlying EBITDA	**147**	(17)	**147**	(14)	*(1150.0)%*

[1] The ERG Proforma numbers have been computed on the basis that ENRC was a subsidiary of ERG from the start of the 2013 financial year and not only for the period post acquisition. See page 3 for details.
[2] Represents the difference between 2014 ERG and 2013 ERG Proforma.
[3] Represents the difference between 2014 ERG Proforma and 2013 ERG Proforma.

The Alumina and Aluminium Division contributed US$147 million to the Group's proforma Underlying EBITDA (2013:US$(14) million). The division's proforma revenue declined by US$95 million, primarily as a result of lower sales volumes. The average sales prices were slightly higher compared to 2013. In 2014, the Group shipped 1,004 kt (2013: 1,107 kt) of alumina to RUSAL under a long-term supply contract. The division's proforma operating costs decreased due to the tenge devaluation and lower production.

Other Non-ferrous Division

Key Facts		2014 ERG	2013 ERG Proforma[2]	% Change[3]
Third-party Sales Volumes				
Copper metal	'000t	**56.6**	51.0	*11.0%*
Copper concentrate (Frontier)	'000t	**55.1**	32.6	*69.0%*
Copper concentrate (Comide)	'000t	**10.6**	–	*n/a*
Total cobalt contained	'000t	**8.4**	9.4	*(10.6)%*
Cobalt as a by-product	*'000t*	***4.5***	*4.2*	*7.1%*
Production[1]				
Saleable copper metal	'000t	**56.4**	51.8	*8.9%*
Saleable copper concentrate (Frontier)	'000t	**54.9**	33.3	*64.9%*
Saleable copper concentrate (Comide)	'000t	**12.1**	–	*n/a*
Saleable cobalt contained	'000t	**9.2**	9.7	*(5.2)%*

Results for the year/period

In millions of US$	2014 ERG Group (Audited)	2013 ERG Group (Audited)	2014 ERG Proforma	2013 ERG Proforma[2]	% Change[4]
Revenue	**964**	200	**964**	848	*13.7%*
Underlying EBITDA	**53**	(8)	**53**	24	*120.8%*

[1] Production numbers for saleable copper and cobalt refers to tonnes of contained metal. Contained metal consists of total units, whether in metal form or metal units contained in concentrate and sludge, net of internal consumption.
[2] The ERG Proforma numbers have been computed on the basis that ENRC was a subsidiary of ERG from the start of the 2013 financial year and not only for the period post acquisition. See page 3 for details.
[3] Represents the difference between 2014 ERG and 2013 ERG Proforma.
[4] Represents the difference between 2014 ERG Proforma and 2013 ERG Proforma.

The Division's proforma revenue increased by US$116 million. This was achieved mostly by production ramp-up at the Frontier plant which resulted in higher sales of copper sulphide concentrate (US$131million), higher sales of copper metal resulting from enhanced production at both Boss Mining and Chambishi (US$40 million) and external sales of surplus of DMS copper concentrate produced by Comide not consumed internally in copper metal production (US$29 million). Weaker sales of cobalt reduced revenue by US$26 million and decline of copper prices reduced revenue by US$57 million.

Proforma costs of sales increased following production ramp-up. There was also a negative impact due to increased overburden removal costs.

Proforma distribution costs and general and administrative expenses increased following higher production and reduced capitalisation of Metakol expenditure due to project being placed under care and maintenance for this period. Proforma exploration costs were significantly reduced as a result of cutbacks in exploration programmes.

Energy Division

Key Facts		2014 ERG	2013 ERG Proforma[1]	% Change[2]
Third-party Sales Volumes				
Coal EEC	'000t	**5,898**	6,290	*(6.2)%*
Coal Shubarkol	'000t	**8,412**	7,271	*15.7%*
Semi-coke	'000t	**51**	52	*(1.9)%*
Electricity	GWh	**4,702**	3,122	*50.6%*
Consumption				
Coal consumed in the production of electricity	'000t	**9,310**	9,157	*1.7%*
Electricity produced and consumed for own use	GWh	**1,127**	1,082	*4.2%*
Production				
Coal EEC	'000t	**19,728**	20,506	*(3.8)%*
Coal Shubarkol	'000t	**9,668**	8,827	*9.5%*
Semi-coke	'000t	**173**	197	*(12.2)%*
Electricity	GWh	**16,401**	15,213	*7.8%*

Results for the year/period

In millions of US$	2014 ERG Group (Audited)	2013 ERG Group (Audited)	2014 ERG Proforma	2013 ERG Proforma[1]	% Change[3]
Revenue	**655**	135	**655**	687	*(4.7)%*
Underlying EBITDA	**271**	60	**271**	298	*(9.1)%*

[1] The ERG Proforma numbers have been computed on the basis that ENRC was a subsidiary of ERG from the start of the 2013 financial year and not only for the period post acquisition. See page 3 for details.
[2] Represents the difference between 2014 ERG and 2013 ERG Proforma.
[3] Represents the difference between 2014 ERG Proforma and 2013 ERG Proforma.

Total extraction of coal was at the same level as in 2013. Lower coal production at EEC resulted from a breakdown of the overburden equipment, was compensated by higher coal production at Shubarkol. Electricity production was higher in order to meet the needs of the New Aktobe Ferroalloy Plant at Kazchrome.

The Energy Division's proforma revenue decreased to US$655 million as a result of lower consumption of coal and electricity within the Group due to decreased production of aluminium. Surplus of coal and electricity was sold outside the Group which resulted in higher third party revenue. There was also negative impact of tenge devaluation reducing revenue received from sales of coal and electricity in Kazakhstan.

Proforma cost of sales increase was mainly associated with higher electricity production. Proforma distribution costs and proforma general and administrative expenses slightly decreased compared to 2013 due to the tenge devaluation.

Logistics Division

Key Facts		2014 ERG	2013 ERG Proforma[1]	% Change[2]
Transportation				
Total tonnage transported by rail	'000t	**56,028**	58,792	*(4.7)%*
Sales Volumes				
Third-party freight forwarding	'000t	**7,560**	6,844	*10.5%*

Results for the year/period

In millions of US$	2014 ERG Group (Audited)	2013 ERG Group (Audited)	2014 ERG Proforma	2013 ERG Proforma[1]	% Change[3]
Revenue	**205**	39	**205**	248	*(17.3)%*
Underlying EBITDA	**81**	16	**81**	108	*(25.0)%*

[1] The ERG Proforma numbers have been computed on the basis that ENRC was a subsidiary of ERG from the start of the 2013 financial year and not only for the period post acquisition. See page 3 for details.
[2] Represents the difference between 2014 ERG and 2013 ERG Proforma.
[3] Represents the difference between 2014 ERG Proforma and 2013 ERG Proforma.

The Division`s proforma revenue decreased by US$43 million to US$205 million (2013: US$248 million) mainly as a result of the reduction of iron ore transported by the Division to China and lower volume of bauxite transported from mines to alumina refinery due to reduction in alumina produced. Proforma cost of sales decreased primarily as a result of lower transportation volumes and tenge devaluation.

Financial review

Income statement

Summary income statement

	Year/period ended 31 December		Years ended 31 December		
In millions of US$ (unless stated otherwise)	**2014 ERG Group (Audited)**	2013 ERG Group (Audited) As restated	**2014 ERG Proforma**	2013 ERG Proforma[1]	Change[2]
Revenue	**5,831**	1,235	**5,831**	6,429	(598)
Cost of sales	**(3,758)**	(983)	**(3,308)**	(3,844)	536
Gross profit	**2,073**	252	**2,523**	2,585	(62)
Distribution costs	**(471)**	(108)	**(471)**	(551)	80
General and administrative expenses	**(682)**	(133)	**(682)**	(650)	(32)
Exploration costs	**(30)**	(11)	**(30)**	(79)	49
Impairments	**(102)**	–	**29**	(4,240)	4,269
Onerous contract reversal/(charge)	**186**	14	**186**	(18)	204
Non-recurring items – operating	**(1)**	(145)	**(1)**	(193)	192
Gain on disposal of subsidiaries	**96**	–	**274**	–	274
Net other operating income/(expense)	**39**	(12)	**39**	(12)	51
Operating profit/(loss)	**1,108**	(143)	**1,867**	(3,158)	5,025
Operating profit/(loss) margin			***32.0%***	*(49.1)%*	
Net finance cost	**(730)**	(103)	**(670)**	(400)	(270)
Non-recurring items – finance	–	(1)	–	(59)	59
Net gain arising from business combinations	–	5,710	–	–	–
Share of loss of joint ventures and associates	**(3)**	–	**(3)**	–	(3)
Profit/(loss) before income tax	**375**	5,463	**1,194**	(3,617)	4,811
Income tax (expense)/credit	**(213)**	(19)	**(385)**	146	(531)
Profit/(loss) for the year/period	**162**	5,444	**809**	(3,471)	4,280

[1] The ERG proforma numbers have been computed on the basis that ENRC was a subsidiary of ERG from the start of the 2013 financial year and not only for the period post acquisition. See page 3 for details.

[2] Represents the difference between 2014 ERG Proforma and 2013 ERG Proforma.

A summary review of the Group's proforma underlying operating results is included in the Business review on page 4, with additional divisional reviews in the relevant sections of the Operational review. Included below is a commentary of material non-operating and non-recurring items included within the Group's income statement.

2014 ERG Proforma

Impairments and onerous contract provision

As a result of the annual impairment review of cash-generating units ('CGUs'), the Group recognised an impairment charge of US$92 million of the coal CGU within Eurasian Energy Corporation, known as the Vostochnyi pit, resulting from on-going pressure on costs and decreased revenue and increased capital expenditure as a result of the tenge devaluation.

On a proforma basis, the Group also recognised reversals of previous impairment on property, plant and equipment of Kazakhstan Aluminium Smelter (US$103 million), and Serov Feroalloy Plant JSC and Saranovskaya Mine Rudnaya ('Serov') (US$27 million).

The Group had previously recognised an onerous contract provision relating to its alumina contract with RUSAL. In 2014, certain terms of the contract were amended and the contract was extended until 2020. The LME price of aluminium also improved, and as a result, the criteria to recognise the contract as onerous are no longer met and the provision has been reversed (US$186 million).

Further detail regarding impairments and the onerous contract provision is set out in note 10 to the Consolidated financial statements.

Net finance cost

Net finance costs increased by 68% to US$670 million (2013: US$400 million) as a result of interest on the facilities drawn down to fund the acquisition of ENRC in 2013. For the year ended 31 December 2014, the facilities bore interest for a full year, as opposed to a portion of the year ended 31 December 2013.

Taxation

The Group's proforma income tax expense for the year ended 31 December 2014 is US$385 million (2013: income tax credit US$146 million), with an Effective Tax Rate ('ETR') of 32.2% (2013: 4.0%). Excluding the impact of impairments, the Group's adjusted proforma income tax expense is US$382 million (2013: US$454 million), with an ETR of 32.8% (2013: 84.9%).

2014 ERG Group

Net finance cost
Net finance costs increased by 609% to US$730 million (2013: US$103 million) as a result of interest on the facilities drawn down to fund the acquisition of ENRC in 2013. For the year ended 31 December 2014, the facilities bore interest for a full year, as opposed to a portion of the period ended 31 December 2013.

Taxation
The Group's income tax expense for the period ended 31 December 2014 was US$213 million (2013: US$19 million), with an Effective Tax Rate ('ETR') of 56.8% (2013: 0.3%).

2013 Comparatives
During the year, the Group finalised the accounting for the acquisition of ENRC, which was determined provisionally in the prior period.

Refer to note 5 business combination for further details.

Balance sheet

Summary balance sheet

	As at 31 December				
In millions of US$	**2014 ERG Group (Audited)**	2013 ERG Group (Audited) As restated	**2014 ERG Proforma**	2013 ERG Proforma[1]	Change[2]
Property, plant and equipment	**15,037**	17,286	**10,754**	11,715	(2,249)
Goodwill and intangible assets	**157**	160	**977**	1,056	(3)
Other non-current assets	**376**	597	**374**	579	(221)
	15,570	18,043	**12,105**	13,350	(2,473)
Current assets (excluding cash)	**2,406**	2,647	**2,412**	2,450	(241)
Cash and cash equivalents	**797**	478	**797**	478	319
	3,203	3,125	**3,209**	2,928	78
Assets held for sale	**77**	–	**107**	–	77
Total assets	**18,850**	21,168	**15,421**	16,278	(2,318)
Equity attributable to owners of the Company	**6,806**	8,567	**4,467**	5,081	(1,761)
Equity attributable to non-controlling interests	**371**	395	**198**	217	(24)
Total equity	**7,177**	8,962	**4,665**	5,298	(1,785)
Non-current borrowings	**6,076**	6,671	**6,275**	6,914	(595)
Deferred tax liabilities	**2,452**	2,904	**1,335**	1,406	(452)
Other non-current liabilities	**234**	474	**233**	474	(240)
	8,762	10,049	**7,843**	8,794	(1,287)
Current borrowings	**1,805**	895	**1,805**	925	910
Other current liabilities	**1,080**	1,262	**1,082**	1,261	(182)
	2,885	2,157	**2,887**	2,186	728
Liabilities held for sale	**26**	–	**26**	–	26
Total liabilities	**11,673**	12,206	**10,756**	10,980	(533)
Total liabilities and equity	**18,850**	21,168	**15,421**	16,278	(2,318)

[1] The ERG Proforma numbers have been computed on the basis that ENRC was a subsidiary of ERG from the start of the 2013 financial year and not only for the period post acquisition.
[2] Represents the difference between 2014 ERG Group (Audited) and 2013 ERG Group (Audited).

2014 ERG Group

The decrease of US$2,473 million in non-current assets is primarily driven by foreign exchange differences resulting from the devaluation of the Kazakhstani Tenge ('KZT'). Further detail is set out in note 36 to the Consolidated financial statements. Net year to date foreign exchange differences on property, plant and equipment totalled US$2,057 million. Additions to property, plant and equipment totalled US$1,030 million less the related depreciation charge of US$845 million less disposals of US$286 million.

Net borrowings have increased by US$315 million as a result of a new US$350 million loan facility with the Development Bank of Kazakhstan. A summary of the Group's borrowings is set out in note 30 to the Consolidated financial statements.

Cash flow

Summary cash flow statement

In millions of US$	Year/period ended 31 December		Years ended 31 December		
	2014 ERG Group (Audited)	2013 ERG Group (Audited)	**2014 ERG Proforma**	2013 ERG Proforma[1]	Change[2]
Net cash generated from operating activities	**733**	128	**733**	1,036	(303)
Net cash used for investing activities	**(694)**	(211)	**(694)**	(1,951)	1,257
Net cash used for investing activities – acquisition of ENRC shares	**–**	(1,084)	**–**	(1,084)	1,084
Net cash generated from financing activities	**297**	1,629	**297**	1,771	(1,474)
Net changes in cash and cash equivalents	**336**	462	**336**	(228)	564
Cash and cash equivalents at beginning of year	**463**	–	**463**	698	(235)
Foreign exchange loss	**1**	1	**1**	(7)	8
Net cash and cash equivalents classified as held for sale	**(3)**	–	**(3)**	–	(3)
Cash and cash equivalents at end of year/period	**797**	463	**797**	463	334

[1] The ERG Proforma numbers have been computed on the basis that ENRC was a subsidiary of ERG from the start of the 2013 financial year and not only for the period post acquisition.
[2] Represents the difference between 2014 ERG Proforma and 2013 ERG Proforma.

Net cash generated from operating activities
The Group generated US$733 million of net cash from operating activities (2013: US$1,036 million), a fall of 29.2%. Although the Group's Underlying EBITDA remained relatively stable, cash generated from operating activities reduced mainly due to a higher interest expense and higher working capital requirements during 2014.

Net cash used for investing activities
During the year, the Group utilised a net total of US$694 million for investing activities (2013: US$3,035 million). This includes US$998 million (2013: US$1,535 million) for the acquisition of property, plant and equipment and intangible assets as follows:

In millions of US$	Year/period ended 31 December	
	2014	2013
Expansionary	**558**	1,068
Sustaining	**440**	467
Total	**998**	1,535

The geographical split of capital expenditure for 2014 was as follows: Kazakhstan US$809 million, Africa US$173 million, Brazil US$10 million and other US$6 million.

The cash outflows above are offset mainly by the cash proceeds from sales of subsidiaries of US$357 million (2013: US$nil). On 11 December 2014, the Group disposed of its subsidiary Zhairemsky GOK JSC for US$307 million. On 14 February 2014, the Group disposed of a slag dump at Chambishi for US$50 million.

Net cash flow generated from financing activities
Net cash inflow relating to financing activities generated during the year ended 31 December 2014 was US$297 million (2013: US$1,771 million). This includes US$979 million (2013: US$2,629 million) drawn from various credit facilities, less repayment of borrowings of US$658 million (2013: US$756 million) and payment of borrowing costs of US$24 million (2013: US$11 million).

Sustainable development review

In 2014 the Group consolidated different components of its organisational structure to improve working practices throughout the business. Key elements of the sustainable development programme are being embedded into the business through clear ownership and accountability. As part of this, formal oversight over Health, Safety, Environment and Community areas has remained.

We continue to focus on compliance as one of the key areas to support the sustainable development of the Group, in particular, the implementation of updated compliance policies, code of conduct and online trainings on compliance and ethical values related topics.

We continue to develop the alignment of our incentivisation and reward programmes within key processes to improve control over critical business areas, including setting clear business objectives in the context of our long- and medium-term strategy, which are the key elements to support long-term business resilience.

Safety

We remain committed to improving the safety of our employees and contractors. We have revisited our Group-wide safety improvement programme and launched a work place safety risk management project in 2014. We are saddened by 17 fatalities that took place during the year (2013: 15), 13 of which were employees (2013: 12) and 4 were contractors (2013: 3). We express our sincere condolences to all the families involved in these tragic circumstances.

In 2014, we continued to include the exploration sites in our data to determine any work-related lost time injuries ('LTIs'). There were 97 LTIs involving employees (2013: 85), and the lost time injury frequency rate was 0.70 (2013: 0.60). These numbers include all the reported employee fatality cases.

Following the 2014 end of year performance review, a Corporate Fatalities Investigation Commission was established in Kazakhstan to ensure that all fatalities are properly investigated and sufficient measures implemented to prevent reoccurrence.

In addition, high risk control standards are being updated to include additional controls for new and existing risks such as blasting operations and open-pit transport that led to the most accidents in 2014. Accountability in Kazakhstan of site management for implementation of these controls was reinforced by the establishment in November 2014 of our operational Health, Safety and Environment ('HSE') Committee.

In 2014 the safety management system across ERG Africa's copper & cobalt operations was completed. The system aims to address the 16 highest risks through dedicated procedures. Internal baseline audits were conducted in 2014. All of our operations are now progressively working towards full compliance with the 16 risk procedures. To improve people behaviour the main focus in 2014 has been on empowering our employees to recognise hazards. This was done through training in risk assessment and job safety analysis. A start was made with training on Behaviour Based Safety at Chambishi. This program will be rolled out in 2015 to all of our operations in the DRC.

On 24 August 2014 the DRC notified the WHO of an Ebola outbreak in the Equator province of the DRC. A risk assessment was conducted early September by ERG Africa and an action plan was put in place to minimise any negative impact on our business. The outbreak was declared over on 15 November with a total of 66 cases and 49 deaths reported. The company suffered no negative effects.

Measuring carbon impact and energy consumption
The commercial and environmental importance of energy use and carbon emissions is well recognised by management and these remain the Group's focus in improving operational practices.

The Government of Kazakhstan has been taking steps to address the GHG emissions challenge. In the last 5 years, the Government has ratified the Kyoto Protocol, established an emissions trading scheme ('ETS') and commenced a Green Economy initiative in 2013. We continue to participate in a number of consultations with various stakeholders in Kazakhstan on ETS implementation. During 2014, the Group was one of the first businesses in Kazakhstan to sell GHG units and participate in GHG trading.

Compliance and improving disclosure on a GHG were areas of management attention during 2014. We conduct GHG emissions forecast on a regular basis to develop a robust GHG compliance strategy. All of our sites in Kazakhstan have fulfilled requirements to receive free allocation units based on the National Allocation Plan and two sites have received additional free allowances. None of the sites exceeded the allocated amount.

During 2014 we continued to assess GHG footprint of our African operations to anticipate potential risks and opportunities related to carbon management. Our operations in Africa do not have regulatory GHG compliance obligations but we recognise potential for development of GHG emissions regulatory mechanisms for African operations similar to those applied in the Republic of South Africa.

The Group energy consumption for 2014 was 303,101 TJ (2013: 303,250 TJ) of which 85.8% (2013: 85.3%) was sourced from coal. Total greenhouse gas emissions associated with direct and indirect energy consumption were 28 Mt of CO_2-equivalent (2013: 28.0 Mt). The 0.5 Mt CO_2-equivalent decrease is primarily due to a reduction in the internal and external electricity demand.

Our Ferroalloys Division in Kazakhstan was the first mining and metallurgy business to be certified with ISO 50001/EN 16001 in 2013. In 2014, our Aluminium Division was also externally certified while the rest of Group entities in Kazakhstan are in process of implementing structured energy management systems and are expected to be certified during 2015-2016.

During 2014, energy audits have commenced on all major divisions in Kazakhstan. Results of these audits will form the basis for review of our energy management programme.

Employees
We employed 75,122 people at the end of 2014 (2013: 78,883). More than 80% of our staff are located in Kazakhstan.

The Group is committed to upholding the UN Universal Declaration of Human Rights. Introduced on 15 November 2014, our Code of Conduct sets out the minimum standards of acceptable behaviours across the Group, supporting our commitment to respecting the rights of our employees. We are committed to ensuring full and fair consideration and treatment of all our people and do not tolerate any form of discrimination or unfair treatment. All employment decisions, such as hiring, training and promotion, are required to be based on merit. We operate a whistleblowing hotline that enables our people to confidentially raise any concerns or issues, including issues relating to human rights.

Diversity and equality are an important part of our people management practices. We work constructively with the representatives of our employees and respect their right to join unions and enter collective agreements. Around 90% of the Group's employees are trade union members and collective bargaining agreements are in place at the majority of our operational entities.

The Group steadily refocuses its efforts to strengthen the Group-wide knowledge on compliance and ethical values related topics. ERG is working on the implementation of courses on the updated ERG Code of Conduct and further compliance related trainings. Additionally, Safety and Sustainable Thinking and Practice courses have been updated and will be launched in 2015.

Community Social Investment ('CSI')
Community development is a major part of our social responsibility. In 2014, our worldwide CSI contributions were more than US$47 million (2013: US$42 million). This includes US$7.3 million in Africa, US$0.7 million in Brazil and US$1 million in Russia. In Kazakhstan, more than 60% of our investments were implemented through ERG's Corporate Foundation, Komek. More than half of CSI in Kazakhstan are implemented through formal agreements (memoranda of understanding) signed annually by the Group and the regional governments.

In Africa the Group has supported a number of educational and infrastructure projects such as the construction of a new school at Frontier, as well as various activities aimed at improving the water access for local communities at Boss Mining and Frontier. Also, we continued to support local farmers by providing 2,000 hectares of maize to workers as per the Collective bargaining agreement.

To address the housing needs of our employees in Kazakhstan the Group has launched a housing programme aimed at constructing one million of square meters of affordable housing or around 19 thousand apartments in the regions of Group operations by 2020. More than 3,500 apartments are planned to be constructed during 2015-2016.

Principal risks and uncertainties

The information below is unaudited unless stated otherwise.

Geopolitical, economical and industry context

The majority of the Group's production assets are located in Kazakhstan with the remaining operations located in Africa, Brazil and Russia. Overall the political climate in the emerging markets where we operate is different and regulatory limitations for business activities in mining vary between jurisdictions. Local governments have enough freedom to change the terms of contracts as well the import and export regulations and introduce new forms or rates of taxation, duties and royalties. Although the probability of interstate conflicts and emergency situations remain, none of these factors have had a material impact on our operations so far. However, the Group is still challenged by these uncertainties.

Economic uncertainty, particularly in China and Russia, along with the continued volatility of commodity prices, has had a material impact on the Group's financial performance and may affect future results and restrict the access to capital in the future.

The mining industry is exposed to inherent technological risks, which, along with extreme weather conditions in countries where we operate, could result in material losses for our assets. Also, the increased number of cyber-attacks and data fraud around the world could adversely affect the Group's value protection.

During 2014, the Group continued to focus on a number of business risks and these are set out below.

Risk	Mitigation
Commodity price volatility Commodity pricing is a highly sensitive risk factor for our industry. A substantial decline or volatility in commodity prices could materially affect the Group's business and financial results and asset carrying values as well as the cash flow projections.	• The Group regularly monitors market prices, global sales volumes and internal levels of inventory; • Sensitivity analysis is performed to stress test business models; • The Sales and Marketing function produces regular forecasts of the sales volumes and prices for each of the Group's commodities; and • The Sales and Marketing function discusses and agrees appropriate production and distribution plans with the management of the operating companies.

Risk	Mitigation
Liquidity risks The downgrades of the Group's credit ratings over the last three years led to restricted access to financial resources for the Group. This could result in failure to arrange or provide sufficient financing for the Group's operating and investment activities. Also, any deterioration of the Group's cash flow and profitability could adversely affect our ability to meet financial obligations related to future debt payment outstanding.	• The Group continues to build relationships with potential new providers of finance to broaden the Group's lender base. In addition the Group works closely with existing lenders to refinance the current debt portfolio; and • Detailed cash flow budgets and forecasts are produced and updated on a regular basis to provide the most up to date view of the Group's liquidity requirements.
Volatility in exchange rates, interest rates and inflation The majority of the Group's production costs are denominated in Kazakhstani tenge, Russian roubles and US dollars while the majority of sales are denominated in US dollars. The Group is exposed to interest rate volatility risk on borrowings with a floating interest rate. Interest rates could also be affected by changes in exchange rates and inflation.	• The Group manages interest rate risk on debt by keeping exposure to floating interest rates within a 30% - 70% range using a mix of floating and fixed rate borrowings; • Where possible the Group seeks to manage exposure to movements in foreign currencies by netting cash flows in the same currency; and • Significant transactional exposures in foreign currencies will be identified as they arise, and if considered appropriate, a hedging programme will be put in place. It follows therefore, that transactions in foreign currencies that have not been hedged, will be settled by spot market deals.

Risk	Mitigation
Technical disaster risks Technological processes within the mining and metals industry along with extreme weather conditions can be susceptible to incidents and disasters. Large-scale technical incidents could lead to fatalities, environmental impact and interruption to business operations.	• Site safety declarations are in place for each of the Kazakhstani hazardous sites and these examine potential incidents related to site operations and their impact; • For each of the Kazakhstani sites the Group has developed and regularly updates post-incident plans to minimize the impact of an incident; • Operational site risk surveys are conducted on a rotational basis by external surveyors; and • Appropriate property damage and business interruption insurance is purchased and renewed on annual basis.
Safety risks There is a risk of unauthorised actions and errors made by employees and contractors, which could result in work-related injuries and fatalities. Management is committed to achieving zero safety related incidents.	• Work place Safety Policy and Standards are in place; • Weekly reporting on incidents to Management; • Certified Occupational Health and Safety Management System in line with OHSAS 18001; and • Continuation of Safety improvement programme started with the support of DuPont.

Risk	Mitigation
Compliance risks Non-compliance with law and regulations including • anti-bribery • anti-corruption • sanctions • environmental laws • tax regulations • terms of mining licences	• We adhere to the principles of self-regulation backed by appropriate policies and management review; • Zero tolerance tone at the top is defined in the Group policies and regularly communicated; • ERG Board Compliance Committee established in 2014; • Web-based ethics and compliance training; • Whistleblowing hotline in operation; • The Group continues to aim to ensure full compliance with environmental legislation, as well as reduction of emissions; and • The Group ensures timely response to the enforcement of regulatory requirements and engages in open dialogue with regulators.
Capital project execution risks The Group continues implementation of major capital projects. Failure to deliver large-scale capital projects within agreed time, cost and quality criteria could lower long-term profitability and reputation.	• The Group undertakes serious measures to set proper controls over the implementation of key projects in line with Group Investment Policy; • Securing project financing and signing of Memorandum of Understandings with respective partners/suppliers where applicable; • Constant on-going review of project process; and • Insurance of major projects where applicable.

Consolidated management report

The Managers present their report and the audited Consolidated financial statements for the year ended 31 December 2014.

Principal activities
The Group is a leading diversified natural resources group with integrated mining, processing, energy, logistical, and marketing operations. Production assets are located in the Republic of Kazakhstan, Russia, Zambia, and the Democratic Republic of the Congo. The Group has six operating Divisions: Ferroalloys, Iron Ore, Alumina and Aluminium, Energy, Logistics, and Other Non-ferrous.

Business review
The Business review has been prepared to provide the Company's shareholders and other interested parties with a fair review of the business of the Group and a description of the principal risks and uncertainties facing it. In accordance with Article 68 of the Luxembourg Accounting Law, information required to be disclosed in this regard has been presented in this report as follows:

- Business review on pages 4 to 9 which includes information on the Group's likely future development;
- Key performance indicators on pages 10 and 11;
- Operational review on pages 12 to 18;
- Financial review on pages 19 to 24; and
- Description of principal risks and uncertainties facing the Group and its risk management policies on pages 28 to 31.

All of the above form part of the management report required by Luxembourg Accounting Law.

Managers

The Managers who held office during the financial year ended 31 December 2014 and up to the date of signing the Consolidated financial statements are those listed below:

Manager	Occupation	Domicile	Date of Appointment	Date of Resignation
Mr Bakyt Sultanov	Class A Manager	Kazakhstan	17/06/2013	Current
Mr Alexander Machkevitch	Class B Manager	Israel	17/06/2013	Current
Mr Alijan Ibragimov	Class B Manager	Switzerland	17/06/2013	Current
Mr Patokh Chodiev	Class B Manager	Switzerland	17/06/2013	Current
Mr Beibut Atamkulov	Class A Manager	Kazakhstan	20/06/2013	Current

The following individuals were appointed as delegates to the daily management of the Company:

Delegate	Position	Date of Nomination	Date of Resignation
Mr Benedikt Sobotka	Chief Executive Officer	15/01/2014	
Mr Paul Waller	Acting Chief Financial Officer	15/01/2014	31/05/2015
Mr Paul Aggleton	Acting Chief Financial Officer	01/06/2015	
Ms Elisabeth Kampa	Group General Counsel	18/05/2014	

As delegates to the daily management, the Company will be contractually bound by the joint signatures of two delegates.

Managers' interest in ordinary shares:

	Number of ordinary shares held [1]	
Manager	**31 December 2014**	31 December 2013
Mr Alexander Machkevitch	**16,059**	12,951
Mr Alijan Ibragimov	**16,051**	12,944
Mr Patokh Chodiev	**14,390**	11,605

[1] The change in number of ordinary shares held is due to the currency of the Company's shares being changed from EUR to US$.

Events after balance sheet date

Details of events after the balance sheet date have been disclosed in note 42 to the Consolidated financial statements.

Financial instruments
Details of the Group's financial risk management, objectives and policies, together with details of financial instruments are described in note 35 to the Consolidated financial statements.

Research and development activities
The Group has a research and development centre which is in charge of scientific and technological developments to improve existing mining and metallurgical processes as well as discover innovative technologies and approaches to be implemented at our entities.

The Group incurred costs amounting to US$3.9 million (2013: US$5.7 million) during the year in relation to research and development activities.

Management responsibility statement
We confirm to the best of our knowledge that the Consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole, and that the Consolidated management report presents a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Consolidated financial statements on pages 37 to 145 were approved by the Board of Managers on 30 June 2015 and signed on its behalf by,

Mr Alexander Machkevitch
Chairman
30 June 2015

Mr Benedikt Sobotka
Chief Executive Officer
30 June 2015

Audit report

To the Partners of
Eurasian Resources Group S.à r.l.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Eurasian Resources Group S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2014, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year than ended and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518

pwc

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2014, and of its consolidated financial performance and its consolidated cash flows for the year than ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

We draw attention to Note 1 to the consolidated financial statements, which notes that the Group needs to complete the refinancing of a significant portion of its debt in the next 12 months. This, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 30 June 2015

Marc Minet

Consolidated income statement

In millions of US$ (unless stated otherwise)	Note	Year/period ended 31 December 2014	2013 As restated
Revenue	7	**5,831**	1,235
Cost of sales	8	**(3,758)**	(983)
Gross profit		**2,073**	252
Distribution costs	9	**(471)**	(108)
General and administrative expenses	12	**(682)**	(133)
Exploration costs		**(30)**	(11)
Impairments	10	**(102)**	–
Onerous contract provision	10	**186**	14
Non-recurring items – operating	11	**(1)**	(145)
Gain on disposal of subsidiaries	13	**96**	–
Net other operating income/(expense)	14	**39**	(12)
Operating profit/(loss)		**1,108**	(143)
Finance income	16	**66**	10
Finance cost	17	**(796)**	(113)
Non-recurring items – financing	11	**–**	(1)
Gain arising on acquisition of ENRC	5	**–**	5,710
Share of loss of joint ventures		**(3)**	–
Profit before income tax		**375**	5,463
Income tax expense	18	**(213)**	(19)
Profit for the year/period		**162**	5,444
Profit/(loss) attributable to:			
Owners of the Company		**174**	5,419
Non-controlling interests		**(12)**	25

The above Consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

In millions of US$	Note	Year/period ended 31 December 2014	2013 As restated
Profit for the year/period		**162**	5,444
Other comprehensive (expense)/income:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences[1]	37	**(1,931)**	(2)
Transfer of currency translation differences on disposal of investment in subsidiary[2]	13	**25**	–
Fair value loss on available-for-sale financial assets	22	**(43)**	(9)
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of employee benefit obligations		**2**	–
Total comprehensive (expense)/income for the year/period		**(1,785)**	5,433
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(1,773)**	5,408
Non-controlling interests		**(12)**	25
		(1,785)	5,433

[1] These currency translation differences arose predominantly due to the devaluation of the Kazakhstani tenge in February 2014. Refer to note 37 for more details.
[2] Zhairemsky GOK JSC, a subsidiary with tenge as its functional currency, was disposed of on 11 December 2014. Refer to note 13 for more details.

The above Consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

In millions of US$	Note	As at 31 December 2014	2013 As restated
Assets			
Non-current assets			
Property, plant and equipment	19	**15,037**	17,286
Intangible assets	20	**157**	160
Investments in joint ventures	21	**56**	6
Other financial assets	22	**56**	260
Loans receivable	23	**34**	42
Deferred tax assets	18	**78**	71
Other non-current assets	24	**152**	218
Total non-current assets		**15,570**	18,043
Current assets			
Inventories	25	**1,213**	1,443
Trade and other receivables	26	**919**	1,154
Income tax receivable		**10**	13
Other financial assets	22	**196**	29
Loans receivable	23	**68**	8
Cash and cash equivalents	27	**797**	478
Total current assets		**3,203**	3,125
Assets classified as held for sale	6	**77**	–
Total assets		**18,850**	21,168
Equity			
Capital Reserve	29	**3,159**	3,159
Reserves		**3,647**	5,408
Attributable to owners of the Company		**6,806**	8,567
Non-controlling interests		**371**	395
Total equity		**7,177**	8,962
Liabilities			
Non-current liabilities			
Borrowings	30	**6,076**	6,671
Deferred tax liabilities	18	**2,452**	2,904
Onerous contract provision	10	**–**	171
Asset retirement obligations	31	**155**	210
Employee benefit obligations	32	**56**	75
Other non-current liabilities		**23**	18
Total non-current liabilities		**8,762**	10,049
Current liabilities			
Borrowings	30	**1,805**	895
Trade and other payables	33	**951**	1,015
Onerous contract provision	10	**–**	103
Income tax liabilities		**35**	57
Other taxes payable	34	**94**	87
Total current liabilities		**2,885**	2,157
Liabilities classified as held for sale	6	**26**	–
Total liabilities		**11,673**	12,206
Total liabilities and equity		**18,850**	21,168

The above Consolidated balance sheet should be read in conjunction with the accompanying notes.

These Consolidated financial statements and the accompanying notes, were approved for issue by the Board of Managers on 30 June 2015 and were signed on its behalf by:

Mr Alexander Machkevitch
Chairman

Mr Benedikt Sobotka
Chief Executive Officer

Consolidated cash flow statement

In millions of US$	Note	Year/period ended 31 December 2014	2013 As restated
Cash generated from operating activities	28	**1,583**	235
Interest and other similar expenses paid		**(509)**	(22)
Interest received		**13**	3
Income tax paid		**(354)**	(88)
Net cash generated from operating activities		**733**	128
Cash flow from investing activities			
Purchase of property, plant and equipment[1]		**(961)**	(236)
Proceeds from sales of property, plant and equipment		**14**	7
Purchase of intangible assets		**(37)**	(17)
Proceeds from sales of subsidiaries		**357**	–
Acquisition of subsidiaries, net of cash acquired	5	**–**	(1,084)
Acquisition of joint venture	21	**(50)**	–
Purchase of other financial assets		**(13)**	–
Proceed from financial assets		**11**	–
Loans and deposits granted		**(28)**	–
Proceeds from repayment of loans and deposits		**13**	9
Proceeds from redemption of financial assets		**–**	26
Net cash used for investing activities		**(694)**	(1,295)
Cash flow from financing activities			
Borrowings – proceeds		**979**	2,018
Borrowings – repayments		**(658)**	(388)
Payment of arrangement fees		**(24)**	–
Dividends paid to non-controlling interests		**–**	(1)
Net cash generated from financing activities		**297**	1,629
Net changes in cash and cash equivalents		**336**	462
Cash and cash equivalents at beginning of period[2]		**463**	–
Net cash and cash equivalents classified as held for sale	6	**(3)**	–
Foreign exchange gain on cash and cash equivalents		**1**	1
Net cash and cash equivalents at end of year/period	27	**797**	463

[1] Purchase of property, plant and equipment includes US$66 million of capitalised borrowing costs (2013: US$20 million).
[2] Cash and cash equivalents at the beginning of the year of US$463 million is net of US$15 million overdraft disclosed within current borrowings.

The above Consolidated cash flow statement should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

In millions of US$	Attributable to owners of the Company								
	Share capital[1]	Capital reserves	Retained earnings	Translation reserve	Revaluation reserve of financial assets available-for-sale	Other reserves	Total	Non-controlling interests	Total equity
Capital contribution[2]	–	3,159	–	–	–	–	3,159	–	3,159
Acquisition of ENRC as restated[3]	–	–	–	–	–	–	–	370	370
Equity movement as restated[3]	**–**	**3,159**	**–**	**–**	**–**	**–**	**3,159**	**370**	**3,529**
Profit for the period as restated[3]	–	–	5,419	–	–	–	5,419	25	5,444
Other comprehensive expense as restated[3]	–	–	–	(2)	(9)	–	(11)	–	(11)
Total comprehensive income/(expense) as restated[3]	**–**	**–**	**5,419**	**(2)**	**(9)**	**–**	**5,408**	**25**	**5,433**
Balance as at 31 December 2013 as restated[3]	**–**	**3,159**	**5,419**	**(2)**	**(9)**	**–**	**8,567**	**395**	**8,962**
Profit/(loss) for the year	–	–	174	–	–		174	(12)	162
Other comprehensive income/(expense)	–	–	–	(1,906)	(43)	2	(1,947)	–	(1,947)
Total comprehensive income/(expense)	**–**	**–**	**174**	**(1,906)**	**(43)**	**2**	**(1,773)**	**(12)**	**(1,785)**
Other changes in non-controlling interests[4]	–	–	12	–	–	–	12	(12)	–
Balance as at 31 December 2014	**–**	**3,159**	**5,605**	**(1,908)**	**(52)**	**2**	**6,806**	**371**	**7,177**

[1] The issued share capital of the Company is US$77,500, refer to note 29 capital and dividends for further details.
[2] Capital contributions by the Founder Shareholders and the Government of the Republic of Kazakhstan. Refer to note 29 capital and dividends for further details.
[3] See note 5 business combination for further details regarding restatements.
[4] Due to the merger of Roan Prospecting and Mining SPRL ('RPM'), a wholly owned subsidiary, and Treatment of Kingamyambo Tailings Company ('Metalkol'), a subsidiary in which the Group holds a 70% interest, a US$12 million non-controlling interest was recognised.

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1. Basis of preparation and principal accounting policies

General information

Eurasian Resources Group S.à r.l. (the 'Company'), previously named Eleanor Investments S.à r.l., was incorporated on 13 May 2013 and is organised under the laws of Luxembourg as a private limited company for an unlimited period. On 24 June 2013, it was decided by a resolution of shareholders to change the name of the Company from Eleanor Investments S.à r.l. to Eurasian Resources Group S.à r.l. The Company's registered office and domicile is 9, rue Sainte Zithe, L-2763 Luxembourg, Grand Duchy of Luxembourg. The Consolidated financial statements as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (the 'Group') and the Group's interest in joint ventures.

The Company, together with its subsidiaries, is a leading diversified natural resources group with integrated mining, processing, energy, logistical and marketing operations. Production assets are located in the Republic of Kazakhstan, Russia, Zambia and the Democratic Republic of the Congo. The Group has six operating Divisions: Ferroalloys, Iron Ore, Alumina and Aluminium, Energy, Logistics and Other Non-ferrous.

	As at 31 December	
The Company's shareholders:	**2014**	2013
The State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan	**40.0%**	40.0%
Mr Alijan Ibragimov	**20.7%**	20.7%
Mr Alexander Machkevitch	**20.7%**	20.7%
Mr Patokh Chodiev	**18.6%**	18.6%
Total	**100.0%**	100.0%

Basis of preparation

The Consolidated financial statements have been drawn up on the basis of accounting policies consistent with those applied in the Consolidated financial statements for the period ended 31 December 2013, except where new policies have been applied. New accounting policies and pronouncements and the effects of these policies have been outlined below.

The Consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the IFRS Interpretations Committee ('IFRIC'), as adopted by the European Union ('EU').

The Consolidated financial statements have also been prepared under the historical cost convention as modified for the revaluation of certain assets and liabilities as further explained in the respective accounting policies.

The preparation of the Consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated financial statements are disclosed in note 2.

1. Basis of preparation and principal accounting policies (continued)

Going concern basis

As a result of the transaction whereby the Group acquired Eurasian Natural Resources Corporation Limited ('ENRC'), the debt burden on the Group increased substantially due to the additional capital cost of financing the acquisition and the consequential increase in debt service cost (details of which are set out in note 30). In addition, the Group requires on-going access to capital to refinance debt maturities and support its sustaining and expansionary business plans. The Group continuously monitors its financial position to ensure sufficient liquidity headroom is in place to support its business needs and to ensure compliance with loan covenants or to obtain waivers where appropriate.

However, due to this additional debt burden, both liquidity and compliance with certain loan covenants have become more sensitive to market changes, in particular those which impact the Group's underlying cash flows, such as commodity prices.

In order to mitigate this risk, the Group has taken a number of actions to ensure that there is sufficient resilience to such movements and provide additional headroom in both liquidity and loan covenant compliance. In particular, during 2014 the Group has finalised amendments to the US$430 million First Quantum Minerals (FQM) Promissory Note and amended the Sberbank US$2,000 million loan facility as detailed in note 30. In addition, on 26 June 2015, the VTB backstop facility was amended to extend availability period to 30 May 2016, and also to ease certain restrictions on use of proceeds as detailed in note 30. The Group also reached agreement with the Development Bank of Kazakhstan to provide an additional US$350 million facility for the general purpose of the business as detailed at note 30.

In addition, the Group has signed a new US$2,220 million facility agreement with Sberbank for replacement of existing bilateral facilities with the bank into two main operating entities in Kazakhstan (refer to note 30). This transaction extends the maturity of the existing facilities with Sberbank and also reduces the existing interest rate. Discussions are ongoing with other existing and potential lenders to increase the weighted average maturity profile of the Group's debt profile to provide greater liquidity headroom

During April 2015, the Group has also extended the maturity of its US$500 million facility with VTB to 31 March 2017 and is in discussions to extend the maturity of other facilities with VTB and Sberbank totalling US$804 million.

The Group's acquisition facility of US$1.7 billion falls due for repayment in June 2016. Although there is currently no firm commitment with our banking partners that this will be refinanced, the Group is confident that given the continued support it has received that the maturity of this loan will be extended during the course of the year.

The Group also completed the disposal of the Serov Group of companies (in April 2015), its shares in Northam Platinum (in March 2015) and Zhairemsky GOK JSC (in December 2014) with total cash disposal value of approximately US$1,012 million of which US$776 million has been received. Further details are set out in note 13 and note 42. The proceeds from these disposal transactions have reduced leverage and increased covenant headroom and also have the potential to allow the Group to increase liquidity.

1. Basis of preparation and principal accounting policies (continued)

Going concern basis (continued)
Throughout the period the Board continued negotiations to dispose of the Group's Other Non-ferrous division and the Group's Brazilian Iron Ore assets to the Founder Shareholders. However, market conditions currently have resulted in the postponement of this transaction and therefore the Board continues to review its strategic options for these assets and are actively pursuing the potential disposal of certain non-core assets which may generate additional liquidity.

The Board has reviewed the liquidity available to it for the period until 30 June 2016. There are periods of forecast limited liquidity as a result of the deterioration in market conditions primarily in respect of lower expected commodity prices and higher costs and the requirements to repay or refinance existing facilities. During the period under review, negative liquidity is expected starting from December 2015. In addition, the Group is expected to breach certain covenants at 30 June 2015 and 31 December 2015. Waivers have been obtained for June 2015 and the Group will approach its banks for waivers in respect of December 2015 in due course.

A number of the Group's financing facilities required submission of consolidated financial statements of the Group and also of certain subsidiary companies by 31 May 2015. This deadline was not met and the Group agreed informally with its bankers an extension to this deadline and also that in not meeting this deadline there were no events of default. These information undertakings have been met following the approval of these financial statements on 30 June 2015 and submission to the relevant financial institutions.

The Managers note the uncertainties, in particular the material uncertainty in respect of the US$1.7 billion acquisition facility, above in reaching their conclusion in respect of the preparation of these financial statements under the going concern basis. However, the Managers of the Group continue to believe that their strong relationships with existing banking partners and the Kazakhstan government will ensure continued support for the Group's business plans. The Board have an ongoing dialogue with the Group's lenders and are confident, despite the macro-economic uncertainties, of the receipt of necessary covenant waivers and satisfactory renegotiation of debt maturity to maintain adequate liquidity and the potential to access new facilities to develop the Group's strategic plans. In addition, the Board continue to review and optimize the Group's business plans in respect of operations and working capital management and are confident that additional liquidity improvements can be achieved.

The Managers therefore consider that the Group has access to adequate resources to continue its business operations for the foreseeable future and that the preparation of these financial statements under the going concern basis is appropriate and accordingly it will be able to realise its assets and discharge its liabilities in the normal course of business.

Comparative information
The Consolidated financial statements include comparative information for the period from 13 May 2013 (the date of the incorporation of the Company) to 31 December 2013. Where the Group has changed the presentational format of the Consolidated financial statements to further improve the comparability of its results, comparative figures have been changed accordingly. Changes to comparative information in these Consolidated financial statements relate to the acquisition of ENRC, which took place during the period ended 31 December 2013 where the fair value of the assets and liabilities acquired was recorded on a provisional basis. Please refer to note 5, which provides further details on the restatement of the Consolidated balance sheet and Consolidated income statement as at and for the period ended 31 December 2013.

1. Basis of preparation and principal accounting policies (continued)

Changes in accounting policies and disclosures

New standards and amendments to standards adopted for 2014
Amendments to IAS 32 'Financial Instruments: Presentation' – offsetting financial assets and financial liabilities (endorsed by the EU with effective date of 1 January 2014). The amendments clarify the meaning of 'currently has a legally enforceable right to set-off'. The amendments also clarify the application of IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. These amendments have no impact on the Group.

Amendments to IAS 36 'Impairment of Assets' – Recoverable amount disclosures for non-financial assets (endorsed by the EU with effective date of 1 January 2014). The amendments require additional disclosure where an entity recognises an impairment loss or impairment reversal for an individual asset (including goodwill) or a cash-generating unit during the period. The additional requirements include disclosure of the recoverable amounts of the asset and information relating to the IFRS 13 fair value level 1, 2 and 3 hierarchy if fair value less costs of disposal is the basis of the recoverable amount. These amendments have no impact on the Group.

Amendments to IAS 39 'Financial Instruments: Recognition and Measurement' on novation of derivatives and continuation of hedge accounting (endorsed by the EU with effective date for annual periods beginning of 1 January 2014). Under the amendments, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. These amendments have no impact on the Group.

IFRS 10 'Consolidated and Separate Financial Statements' (endorsed by the EU with effective date of 1 January 2014). This new standard establishes a single, control-based model for assessing control and determining the scope of consolidation. It replaces the corresponding requirements of both IAS 27 *'Consolidated and Separate Financial Statements'* and SIC-12 *'Consolidation – Special Purpose Entities'*. The standard has no impact on the Group.

IFRS 11 'Joint Arrangements' (endorsed by the EU with effective date of 1 January 2014). This new standard provides principles for financial reporting by entities that have an interest in arrangements that are controlled jointly. Management have determined that the Group's joint arrangements should be classified as joint ventures with the investment measured using the equity method. The standard has no impact on the Group.

IFRS 12 'Disclosure of interests in other entities' (endorsed by the EU with effective date of 1 January 2014). This new standard applies to an entity with an interest in subsidiaries, joint arrangements, associates or unconsolidated structured entities. IFRS 12 requires an entity to disclose information that enables users of its financial statements to understand and evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. The standard resulted in additional disclosures made by the Group.

IAS 27 'Separate financial statements' (revised 2011) (endorsed by the EU with effective date of 1 January 2014). As a consequence of the new IFRS 10, a portion of IAS 27 has been replaced that addresses the accounting for Consolidated financial statements. The standard has no impact on the Group.

1. Basis of preparation and principal accounting policies (continued)

IAS 28 'Investments in associates and joint ventures' (revised 2011) (endorsed by the EU with effective date of 1 January 2014). IAS 28 has been renamed as a consequence of the new IFRS 11 and IFRS 12. The revised IAS 28 describes the application of the equity method to investments in joint ventures, in addition to associates. The standard has no impact on the Group.

New standards, amendments to standards and interpretations issued but not yet effective and/or not early adopted

IFRIC 21, 'Levies' (endorsed by the EU with effective date of 17 June 2014). The interpretation provides guidance on when to recognise liability for a levy imposed by a government. IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

Annual improvements to IFRS 2010-2012 Cycle (endorsed by the EU with effective date of 1 February 2015). These improvements amend the following standards: IFRS 2, 'Share-based payments': Definition of vesting condition, IFRS 3, 'Business combinations': Accounting for contingent consideration in a business combination, IFRS 8 'Operating segments': Aggregation of operating segments, IFRS 13 'Fair value measurement': Short-term receivables and payables, IAS 16, 'Property, plant and equipment': Revaluation method – proportionate restatement of accumulated depreciation, IAS 24, 'Related party disclosures': Key management personnel, IAS 38, 'Intangible assets': Revaluation method – proportionate restatement of accumulated depreciation.

Annual improvements to IFRS 2011-2013 Cycle (endorsed by the EU with effective date of 1 January 2015). These improvements amend four standards: IFRS 1, 'First-time adoption of International Financial Reporting', IFRS 3, 'Business combinations': Scope exceptions for joint ventures, IFRS 13 'Fair Value Measurement': Portfolio netting exception, IAS 40 'Investment Property': definition of a business.

Amendments to IAS 19, 'Employee benefits' on defined benefit plans- employee contributions (endorsed by the EU with effective date of 1 February 2015). The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

IFRS 9, 'Financial instruments' (issued on 24 July 2014; not yet endorsed by the EU and not yet effective).

IFRS 14, 'Regulatory deferral accounts' (issued on 30 January 2014; not yet endorsed by the EU and not yet effective).

IFRS 15, 'Revenue from contracts with customers' (issued on 28 May 2014; not yet endorsed by the EU and not yet effective).

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (issued on 18 December 2014; not yet endorsed by the EU and not yet effective).

Amendments to IAS 1: Disclosure Initiative (issued on 18 December 2014; not yet endorsed by the EU and not yet effective).

1. Basis of preparation and principal accounting policies (continued)

Annual Improvements to IFRSs 2012–2014 Cycle (issued on 25 September 2014; not yet endorsed by the EU and not yet effective). These improvements amend four standards: IFRS 5: Changes in methods of disposal, IFRS 7: Servicing Contracts, IFRS 7: Applicability of the amendments to IFRS 7 to condensed interim financial statements, IAS 19: regional market issue, IAS 34: Disclosure of information "elsewhere in the interim financial report".

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014; not yet endorsed by the EU and not yet effective).

Amendments to IAS 27: Equity Method in Separate Financial Statements (issued on 12 August 2014; not yet endorsed by the EU and not yet effective).

Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014; not yet endorsed by the EU and not yet effective).

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014; not yet endorsed by the EU and not yet effective).

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014; not yet endorsed by the EU and not yet effective).

The Group intends to adopt these new standards, amendments to standards, interpretations and improvements for annual periods beginning on or after the effective dates as endorsed by the EU. The Group is evaluating potential impact arising from new standards, amendments to standards, interpretations and improvements.

Basis of consolidation
The Consolidated financial statements of the Group include the consolidation of the financial statements of the Company and its subsidiaries drawn up to 31 December 2014 and the Group's share of joint ventures described below.

i) Subsidiaries
Subsidiaries are those entities, over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Company (acquisition date) and are de-consolidated from the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Intercompany transactions, balances and unrealised gains and losses on transactions between subsidiaries are eliminated.

1. Basis of preparation and principal accounting policies (continued)

Non-controlling interest is a portion of net results and of the equity in a subsidiary not attributable, directly or indirectly, to the Company. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

When the Company ceases to have control any retained interest in the subsidiary is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in operating profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

ii) Joint ventures
Joint ventures are all entities over which the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The Group uses the equity method to account for interests in jointly controlled entities, which are disclosed as joint ventures in the Consolidated financial statements. Under this method of accounting, the investment is initially recognised at cost. The Group's investment in joint ventures includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the Consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in the Consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated to the extent of the Group's interest in the joint ventures unless the transaction provides evidence of an impairment of the asset transferred.

1. Basis of preparation and principal accounting policies (continued)

Functional and presentational currency
All amounts in the Consolidated financial statements are presented in millions of US dollars, unless otherwise stated.

The functional currency for major entities in the Group is determined as the currency of the primary economic environment in which the entities operate. The following additional factors are considered in determining the functional currency of a foreign operation:

- Whether the activities of the foreign operation are carried out as an extension of the reporting entity, rather than being carried out with a significant degree of autonomy.
- Whether transactions with the reporting entity are a high or a low proportion of the foreign operation's activities.
- Whether cash flows from the activities of the foreign operation directly affect the cash flows of the reporting entity and are readily available for remittance to it.
- Whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations without funds being made available by the reporting entity.

The functional currency of the significant operating entities is the Kazakhstani tenge ('KZT'), the Russian rouble ('RUB') and the Brazilian real ('BRL'). For the Sales and marketing entities and significant African operations, the functional currency is the US dollar ('US$'). The functional currency of the Company is the US$.

The following table shows, for the periods indicated, the principal rates of exchange per US$1.00.

	As at 31 December		Average[1]	
	2014	2013	**2014**	2013
British pound	**0.64**	0.61	**0.61**	0.62
Kazakhstani tenge	**182.35**	153.61	**178.82**	153.73
Russian rouble	**56.26**	32.73	**37.69**	32.79
Brazilian real	**2.70**	2.34	**2.34**	2.32
South African rand	**11.63**	10.51	**10.83**	10.26

[1] For period ended 2013, the average rates represent the average exchange rate for the November and December 2013 two month period.

1. Basis of preparation and principal accounting policies (continued)

Foreign currency translation

Transactions in currencies other than the functional currency are translated to the functional currency at the rate of exchange ruling at the date of the transaction, unless hedge accounting applies in which case the contract rate is used. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Exchange gains and losses on settlement of foreign currency transactions and the translation of monetary assets and liabilities are taken to the Consolidated income statement, except when recognised in other comprehensive income as qualifying cash flow hedges. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Translation from functional to presentational currency

The results and financial position of all Group entities that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- Assets and liabilities are translated at the closing rate at the date of the Consolidated balance sheet;
- Income and expenses for each income statement are translated at average monthly exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- All resulting exchange differences are recognised as a separate component of equity; and
- Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the date of acquisition. When a subsidiary is disposed of through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity, the exchange differences deferred in equity are recognised in the Consolidated income statement.

Revenue recognition

A significant portion of production is sold under contracts of sale of goods. Revenue from sale of goods is only recognised on individual shipments when persuasive evidence exists that the following criteria are satisfied:

1. Basis of preparation and principal accounting policies (continued)

- The significant risks and rewards of ownership of the product have been transferred to the buyer. If it is arranged that the goods are transported to a specified location, revenue is recognised when the goods are passed to the customer at the destination point. The revenue from sale of many products is subject to adjustment based on an inspection of the product by the customer. In such cases, revenue is initially recognised on a provisional basis using the Group's best estimate of the quantity and quality of the product. Any subsequent adjustments to the initial estimate of quantity and quality of the product is recorded in revenue once they have been determined;
- No continuing managerial involvement to the degree usually associated with ownership or effective control over the goods sold has been retained;
- The amount of revenue and respective costs incurred or to be incurred in respect of the transaction can be measured reliably; and
- It is probable that the economic benefits associated with the sale will flow to the Group.

Revenue from sale of services is recognised in the accounting period in which the services are rendered by reference to the stage of completion of the specific transaction, assessed on the basis of the actual services provided, as a proportion of the total services to be provided.

Revenues are measured at the fair value of the consideration received or receivable. When the fair value of goods or services received in a barter transaction involving dissimilar items cannot be measured reliably, the revenue is measured at the fair value of the goods or service given up. Revenues are shown net of VAT and discounts.

Employee benefits

Defined benefit plans

The Group provides long-term employee benefits to employees before, on and after retirement, in accordance with labour union agreements in Kazakhstan, Russia and the Democratic Republic of the Congo. The agreements typically provide for one-off retirement payments, financial aid for employees' disability, significant anniversaries and funeral aid. The entitlement to some benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. Such benefits are valued consistent with an unfunded defined benefit plan in accordance with IAS 19 'Employee Benefits'.

The future benefit that employees have earned in return for their service in the current and prior periods is discounted to determine the present value. Since Kazakhstan, Russia and the Democratic Republic of the Congo do not have an extensive market of high quality corporate bonds, the market yields on government bonds are used as a basis for discount rates. The calculation is performed annually internally or by a qualified, independent actuary depending on the complexity of computations.

The expected costs of the benefits associated with one-off retirement payments are accrued over the period of employment using the same accounting methodology as used for defined benefit post-employment plans. This means that the difference between the fair value of the plan assets (if any) and the present value of the defined liabilities obligations is recognised as an asset or liability on the Consolidated balance sheet. Actuarial gains and losses related to remeasurement of defined benefit pension plan obligations shall be recorded within other comprehensive income ('OCI'). Remeasurements of other long-term employee benefits are recognised in profit and loss.

For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred.

Other movements in the net surplus or deficit are recognised in the Consolidated income statement, including current service cost, any past service cost and the effect of any curtailments or settlements. Benefit costs are split between (i) the cost of benefits accrued in the current period (service cost) and benefit changes (past-service cost, settlements and curtailments); and (ii) finance expense or income. This analysis is presented in the Consolidated income statement or in the notes to the Consolidated financial statements.

Defined contribution plans
The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions to defined contribution plans are recognised in the Consolidated income statement as an employee benefit expense in the period in which they are due.

Payroll expense and related contributions
Wages, salaries and social insurance funds, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Group. On behalf of its employees, the Group pays those statutory pension and post-employment benefit amounts prescribed by the legal requirements of the countries in which it operates. These payments are expensed as incurred.

Finance income and cost
Finance income comprises interest income on funds invested and gains and income on investment and trading securities. Finance costs comprise interest expense on borrowings, the accumulation of interest on provisions, interest expense from the unwinding of discount on provisions for asset retirement obligations and losses on the revaluation and disposal of investments designated at fair value through profit or loss.

Finance income and costs include foreign exchange gains and losses that relate mainly to loans receivable, borrowings, and term deposits (more than three months).

Interest income and expenses are recognised on a time proportion basis, using the effective interest method. All interest and other costs incurred in connection with borrowings are expensed as incurred as part of financial expenses unless incurred on borrowings to finance the acquisition of a qualifying asset.

Borrowings to finance the acquisition of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All borrowings are classified between specific borrowings and general borrowings for the purpose of capitalisation. Borrowing costs which relate to borrowings made specifically to fund the acquisition of a specific qualifying asset are fully capitalised during the period when this specific qualifying asset is being constructed. Borrowings which do not qualify as specific are defined as general borrowings. Judgement is applied by management in determining whether general borrowings include or exclude borrowings used to finance specific assets that are non-qualifying assets. Management has determined that borrowings related to the acquisition of the Group itself at the time of Group reorganisation and acquisition should be excluded from the general borrowings pool which is eligible for capitalisation. For the general borrowings which are not excluded from the general borrowings pool, the capitalisation rate is used to determine the amount of borrowing costs eligible for capitalisation.

1. Basis of preparation and principal accounting policies (continued)

Non-recurring items

Non-recurring items are those which are separately identified by virtue of their size or incidence so as to allow a better understanding of the underlying trading performance of the Group.

Non-recurring items are generally those which do not form part of the core operations of the Group.

Income tax

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in the Consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case tax is also recognised in other comprehensive income or directly in equity. Kazakhstan Excess Profits Tax, being a tax on income, forms part of the income tax expense.

Current tax expense is the amount of tax estimated to be payable or recoverable in respect of the taxable income or loss of a period, as well as adjustments to estimates in respect of previous periods. It is calculated on the basis of the tax laws and rates enacted or substantively enacted at the balance sheet date.

Deferred tax represents the amount of income taxes payable or recoverable in future periods in respect of temporary differences, unused tax losses and unused tax credits. Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Consolidated financial statements, subject to the exceptions below.

Deferred tax is not accounted for if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax is provided on temporary differences associated with investments in subsidiaries, interests in joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the recognised amounts and the deferred tax assets and liabilities are intended to be settled either simultaneously or on a net basis.

1. Basis of preparation and principal accounting policies (continued)

Exploration and evaluation
Exploration for and evaluation of mineral resources include the search for mineral resources after the Group company has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting mineral resources. Exploration and evaluation expenditure related to an area of interest are written off as incurred until the management conclude that it is probable that future costs will be recovered through successful development and exploitation of the area of interest, or alternatively through its sale, from which point they are carried forward as an asset in the balance sheet and are included within the assets under construction component of property, plant and equipment at cost less impairment charges.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest. All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that impairment may exist.

For the purpose of assessing impairment, the exploration and evaluation assets subject to testing are grouped with relevant existing cash-generating units of operating mines that are located in the same geographical region. Where the assets are not associated with a specific cash-generating unit, the recoverable amount is assessed for the specific exploration area. Any impairment loss is recognised as an expense in accordance with the policy on impairment of non-financial assets.

Identifiable exploration and evaluation assets acquired as part of a business combination are recognised as assets at their fair value at the date of acquisition.

Property, plant and equipment
Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment loss. Cost includes the original purchase price of the asset, costs attributable to bringing the asset to its working condition for its intended use and estimated future cost of closure and restoration of the asset.

Depreciation is recorded over the useful life of the asset, or over the expected remaining life of the mine if shorter, as follows:

- Buildings (including mining premises): 10 to 60 years on a straight-line basis;
- Mining assets (including mineral rights): on a units of production basis;
- Plant and equipment: 5 to 30 years on a straight-line basis; and
- Motor vehicles: 5 to 30 years on a straight-line basis.

Land is not depreciated.

The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life.

1. Basis of preparation and principal accounting policies (continued)

Estimates of residual values and useful lives are reassessed annually, and any change in estimate is taken into account in the determination of future depreciation charges.

The individual significant parts of an item of property, plant and equipment (components), whose useful lives are different from the useful life of the asset as a whole, are depreciated individually, applying depreciation rates reflecting their anticipated useful lives. The cost of replacing major parts or components of property, plant and equipment items is capitalised and the replaced part is retired.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated income statement in the period in which they are incurred.

Specialised spare parts and servicing equipment with a significant initial value and a useful life of more than one year are recognised as items of property, plant and equipment. Other spare parts and servicing-related equipment are recognised as inventories and accounted for in the Consolidated income statement on utilisation.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets disposed of and are recognised in the Consolidated income statement.

Property, plant and equipment are tested for impairment if facts and circumstances indicate that impairment may exist, in accordance with the impairment policy below.

i) Mining assets
Once a project has been established as commercially viable, capitalised expenditures are transferred from 'exploration and evaluation' to 'mining assets'. In addition, mining assets include mineral rights, expenditure incurred to establish or expand production capacity, costs to conduct mining construction and mining capital works, as well as costs arising from mining preparation works during the development or mine reconstruction phase.

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure, including the cost of materials, direct labour and an appropriate proportion of production overheads.

When further development expenditure is incurred in respect of a mining asset after the commencement of production, such expenditure is carried forward as part of mining assets when it is probable that additional future economic benefits associated with the expenditure will flow to the Group. Otherwise such expenditure is recognised as a cost of production.

Once a project has been fully commissioned, depreciation is charged using the units of production method, based on proved and probable reserves, with separate calculations being made for each area of interest. The units of production basis results in a depreciation charge proportional to the depletion of proved and probable reserves.

1. Basis of preparation and principal accounting policies (continued)

Mining assets are included within the category 'Buildings and mining assets' of property, plant and equipment.

ii) Assets under construction
Assets under construction are capitalised as a separate component of property, plant and equipment. Self-constructed assets include the cost of materials, direct labour and an appropriate proportion of allocated overheads.

On completion, the cost of construction is transferred to the appropriate asset category. Assets under construction are not depreciated. Depreciation commences on the date when the assets are available for intended use.

iii) Stripping costs
Stripping costs comprise the removal of overburden and other waste products from a mine. Stripping costs incurred in the development of mines and open pits before production commences are capitalised as part of the cost of constructing the mines and open pits, and depreciated using the unit of production method over the lives of the mines or open pits.

Stripping costs incurred during the production phase of operations are treated as a production cost that forms part of the cost of inventory.

Impairment
The carrying amounts of property, plant and equipment and all other non-financial assets are reviewed for impairment if facts and circumstances indicate that impairment may exist. An intangible asset that has indefinite useful life, such as goodwill, is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The Group tests an asset or cash-generating unit ('CGU') for impairment by comparing its recoverable amount with its carrying amount. When impairment review is undertaken, the recoverable amount is assessed by reference to the higher of 'value in use' and 'fair value less costs of disposal'.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Value in use is the net present value of expected future cash flows of the relevant CGU in its current condition. Value in use is determined by applying assumptions specific to the Group's continued use of the asset or CGU and does not take into account future developments.

The estimates used for impairment reviews to determine value in use are based on detailed mine plans and operating budgets. Future cash flows are based on management's best estimates of:

1. Basis of preparation and principal accounting policies (continued)

- The quantities of the reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Future production levels;
- Future commodity prices; and
- Future cash costs of production, capital expenditure related to construction in progress and development projects that are not yet completed, close down, restoration and environmental clean up.

Fair value less costs of disposal is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Where there is no binding sale agreement or active market, fair value less costs of disposal is based on the best information available to reflect the amount the Group could receive for the CGU in an arm's length transaction.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the Consolidated income statement so as to reduce the carrying amount in the Consolidated balance sheet to its recoverable amount. For assets excluding goodwill, a previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the Consolidated income statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations and goodwill
The acquisition method of accounting is used to account for business combinations. The Group elects on a transaction-by-transaction basis, to measure non-controlling interests at the value of their proportion of identifiable assets and liabilities or at full fair value. The excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree, represents goodwill. 'Bargain purchase gain' which is the excess of the net identifiable amounts of the assets acquired and liabilities assumed over the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest, is recognised immediately in the Consolidated income statement.

The consideration transferred in a business combination is measured at fair value, of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, with contingent consideration recognised at fair value as part of that consideration transferred. The obligation to pay contingent consideration is classified as a liability or equity on the basis of the terms and conditions of the contingent consideration.

Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and the resulting gain or loss, if any, is recognised in the Consolidated income statement.

1. Basis of preparation and principal accounting policies (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in conjunction with a business combination are expensed as incurred.

Goodwill acquired through business combinations has been allocated to those CGUs or groups of CGUs that are expected to benefit from the business combination. These CGUs or groups of CGUs represent the lowest level within the Group at which goodwill is monitored for internal management purposes and these CGUs or groups of CGUs are not larger than the Group's operating divisions, which are its product groups.

Goodwill is tested for impairment annually in accordance with the impairment policy described above. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. Subsequently, goodwill is measured at cost initially recognised less accumulated impairment losses.

Intangible assets
Intangible assets, which are acquired by the Group and have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Intangible assets acquired in a business combination are capitalised at fair value when the fair value can be measured reliably on initial recognition. Intangible assets are tested for impairment if facts and circumstances indicate that impairment may exist, in accordance with the impairment policy described above.

Intangible assets are amortised using the straight-line method over their useful lives not exceeding 5 years.

Financial assets
Classification
The Group classifies its financial assets into the following measurement categories: loans and receivables, financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets include cash and cash equivalents, trade receivables, other receivables, loans receivable and other financial assets.

1. Basis of preparation and principal accounting policies (continued)

Measurement

i) Loans and receivables

Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments. Loans and receivables are initially recognised at fair value plus directly attributable transaction costs. Subsequently, loans and receivables are stated at amortised cost using the effective interest method. Where a loan is provided at interest rates different from market rates, the loan is remeasured at origination at its fair value, which is represented by future interest payments and principal repayments discounted at market interest rates for similar loans. The difference between the fair value of the loan at origination and its cost (fair value of the contribution to the borrower, net of transaction costs) represents an origination gain or loss. The origination gain or loss is recorded in the Consolidated income statement within finance income/costs unless it qualifies for recognition as an asset, liability or a charge to equity in accordance with the substance of the arrangement.

Subsequently, the carrying amount of the loans is adjusted for amortisation of the origination gain or loss and the amortisation is recorded as finance income/costs. The Group's loans and receivables comprise mainly of 'loans receivable', 'trade and other receivables' and 'cash and cash equivalents' in the Consolidated balance sheet.

ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives, other than those designated as effective hedging instruments, are included within financial assets at fair value through profit or loss. These assets are initially recognised at fair value with transaction costs expensed in the Consolidated income statement. They are subsequently remeasured at fair value with gains or losses recognised in the Consolidated income statement.

iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale financial assets are initially recognised at fair value plus transaction costs and subsequently carried at fair value. Changes in fair value of available-for-sale financial assets, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the Consolidated income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the Consolidated income statement. Dividends on available-for-sale equity instruments are recognised in the Consolidated income statement when the Group's right to receive payments is established.

The fair value of quoted investments is determined by reference to closing bid prices at the end of every reporting period. Where fair value cannot be reliably measured, available-for-sale assets are carried at cost.

1. Basis of preparation and principal accounting policies (continued)

iv) Held-to-maturity financial assets
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are measured at amortised cost using the effective interest rate method, less any impairment losses.

Derecognition
The Group derecognises financial assets when: (i) the assets are redeemed or the rights to cash flows from the assets have otherwise expired; (ii) the Group has transferred substantially all the risks and rewards of ownership of the assets; or (iii) the Group has neither transferred nor retained substantially all risks and rewards of ownership but has not retained control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, when it becomes probable that they will enter bankruptcy or other financial reorganisation, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults, and prolonged decline in the value of equity instruments classified as available-for-sale financial assets.

i) Assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account. The amount of loss is recognised in the Consolidated income statement. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account.

1. Basis of preparation and principal accounting policies (continued)

ii) Assets classified as available-for-sale
The decline in the fair value of an available-for-sale financial asset is recognised in other comprehensive income. When there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to the Consolidated income statement as a reclassification adjustment even though the financial asset has not been derecognised. The amount of the cumulative loss that is reclassified from equity to the Consolidated income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in the Consolidated income statement. Impairment losses recognised in the Consolidated income statement for an investment in an equity instrument classified as available-for-sale are not reversed through the Consolidated income statement. If in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Consolidated income statement, the impairment loss shall be reversed, with the amount of the reversal recognised in the Consolidated income statement.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost of inventory is determined on a weighted average basis.

Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition. Cost for raw materials, consumable stores and other inventories is purchase price or extraction cost. Cost for work in progress and finished goods is the cost of production, including the appropriate proportion of depreciation and overheads based on normal operating capacity, but excluding borrowing costs. Net realisable value is based on estimated selling price in the ordinary course of business less any further costs expected to be incurred to completion and disposal.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The movement in the provision from the previous reporting period is recognised in the Consolidated income statement. Subsequent recoveries of amounts previously written off are credited against 'general and administrative expenses' in the Consolidated income statement.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. Balances restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date are included in other financial non-current assets, while balances restricted for more than three months but less than 12 months after the balance sheet date are included in trade and other receivables. Restricted balances are excluded from cash and cash equivalents in the Consolidated cash flow statement.

1. Basis of preparation and principal accounting policies (continued)

Financial liabilities

Classification

The Group classifies its financial liabilities into the following measurement categories: loans and borrowings, financial liabilities at fair value through profit or loss, and derivatives designated as hedging instruments in an effective hedge. Management determines the classification of its financial liabilities at initial recognition.

Financial liabilities include trade and other payables, loans and borrowings, bank overdrafts and derivative financial instruments.

Measurement

i) Loans and borrowings

Loans and borrowings are initially recorded at fair value plus directly attributable transaction costs. Loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Any difference between the proceeds net of transaction costs and the redemption value is recognised in the Consolidated income statement over the period of the borrowings using the effective interest method.

Where a loan is obtained at interest rates different from market rates, the loan is remeasured at origination to its fair value, which is calculated as future interest payments and principal repayments discounted at market interest rates for similar loans. The difference between the fair value of the loan at origination and its cost (fair value of the contribution to the borrower, net of transaction costs) represents an origination gain or loss. The origination gain or loss is recorded in the Consolidated income statement within finance income/costs unless it qualifies for recognition as an asset, liability or a charge to equity in accordance with the substance of the arrangement. Subsequently, the carrying amount of the borrowings is adjusted for amortisation of the origination gain or loss and the amortisation is recorded as finance income/cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if accepted principally for the purpose of repurchasing in the short term. Derivatives, other than those designated as effective hedging instruments, are included within financial liabilities at fair value through profit or loss. These liabilities are initially recognised at fair value with transaction costs expensed in the Consolidated income statement. They are subsequently remeasured at fair value with gains or losses recognised in the Consolidated income statement.

Trade and other payables

Trade and other payables are accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest method.

1. Basis of preparation and principal accounting policies (continued)

Provisions for liabilities and charges
Provisions for liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a part of finance costs.

Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Onerous contract provision
The Group recognises the present obligation under the loss making contract as an onerous contract provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net costs existing from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Asset retirement obligations and other environmental provisions
An obligation to incur asset retirement costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production. Costs are estimated on the basis of a formal closure plan and are subject to regular review. Estimates are based on management's interpretation of compliance with current environmental legislation in the country of operation.

Asset retirement costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalised into the cost of the related asset. These costs are charged against profits through depreciation of the asset and unwinding of the discount on the provision. Depreciation is included in operating costs while the unwinding of the discount is included as a finance cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

Leases
Operating lease payments are recognised as an expense in the Consolidated income statement on a straight-line basis over the lease term.

1. Basis of preparation and principal accounting policies (continued)

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds on Dividends.

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they have been approved before or on the balance sheet date. Dividends are disclosed when they have been proposed before the balance sheet date or when declared after the balance sheet date, but before the Consolidated financial statements are authorised for issue.

Non-current assets held for sale and disposal groups
Non-current assets and assets and liabilities included in disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, they are available for immediate disposal and the sale is highly probable. Non-current assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

2. Critical accounting estimates and judgements in applying accounting policies

The Group makes judgements in the process of applying accounting policies. The Group also makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and areas of judgements that have a significant effect on the amounts recognised in the Consolidated financial statements are discussed below.

Ore reserve estimates
Ore reserve estimates are calculated based on the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2004 (the 'JORC code') which requires the use of reasonable assumptions, including:

- Future production estimates – which include proved and probable reserves, resource estimates and committed expansions;
- Expected future commodity prices, based on current market price, forward prices and the Group's assessment of the long-term average price; and
- Future cash costs of production, capital expenditure and rehabilitation obligations.

The Group's ore reserves are based on its best estimate of product that can be economically and legally extracted from the relevant mining properties. Estimates are developed after taking into account a range of factors including quantities, ore grades, production techniques and recovery rates, forecast commodity prices and production costs. Estimates are normally supported by drilling samples and geological studies by independent mining engineering consultants. Significant judgement is required to generate an estimate based on the geological data available.

Ore reserve estimates may change from period to period. This may impact the Group's financial results. Changes in these estimates may impact depreciation charges, impairment charges on individual assets and cash-generating units ('CGUs'), and asset retirement obligation provisions.

Life of mines
Contracts for subsurface use expire between 2015 and 2050. The Group expects that the subsurface use contracts will be extended at nominal cost until the end of the lives of the related mines, which range between 5 and 41 years. Any changes in these assumptions may impact depreciation charges, impairment charges on individual assets and CGUs and asset retirement obligations, as these items have been measured using the assumption that the subsurface use contracts will be extended until the end of the mine life.

Going Concern
Note 1 provides details of going concern assessment for the Group.

2. Critical accounting estimates and judgements in applying accounting policies (continued)

Asset retirement obligations
Provision is made for asset retirement obligations when the related environmental disturbance takes place. Decommissioning and rehabilitation expenditure is largely expected to take place at the end of the respective mine lives, which varies from 5 to 41 years.

Provisions are measured using the net present value of the expected costs as outlined in notes 1 and 31 to the Consolidated financial statements.

The provision represents management's best estimate of the costs that will be incurred based on legislative and regulatory requirements. Significant judgement is required as many of these costs will not crystallise until the end of the life of the mine.

Estimates are reviewed annually and are based on management's interpretation of compliance with current environmental legislation in the country of operation. Significant changes in environmental legislation, restoration techniques and estimates of contamination will result in changes to provisions from period to period.

The long-term inflation rates currently applied in the calculation is 2.8% - 8.5% as at 31 December 2014 being the estimate of the rate of inflation over the mine lives. The discount rates currently applied in the calculation is 7.8% - 15.0% at 31 December 2014 being the estimate of the risk-free, pre-tax interest rates for long-term government securities.

Impairment of assets
The Group considers, at least annually, the recoverability of all assets if there have been any indications of impairment.

Financial assets
The Group exercises judgement in assessing whether there is any objective evidence that a financial asset is impaired, including for example, assessment of counterparty default risk, both customer and financial counterparties, determination of whether there has been 'significant' or 'prolonged' decline in the fair value below original cost and estimation of future cash flows. The recoverability of the value of financial assets is addressed through the Group's impairment review procedures (refer to note 1).

Non-current assets
Note 1 outlines the Group's policy for impairment of long-term non-financial assets and goodwill. Significant judgement is used to determine the present value of cash flows used (including the estimated quantum and timing) in the Group's impairment models. Judgement is also employed in the assessment of the value of an asset or group of assets prior to the receipt of a confirmed offer as well as for the estimation of future cash flows required to determine value in use.

If an impairment indicator exists, the Group's approach is to consider the ability of its groups of CGUs, which have no goodwill in their financial statements, to generate future economic benefits which exceed the value of the related tangible assets in the financial statements.

As a consequence of the current volatility in commodity prices, the Group has performed an impairment assessment for all CGUs. The Group is currently capital constrained which limits its ability to develop its assets in the most effective manner and maximise their value. As a result the 2014 impairment reviews have been on the basis of FVLCD taking account of how a less capital constrained market participant would develop the assets held by the Group. The valuations have been carried out using a combination of techniques (classified as level 3 under the fair value hierarchy) including:

2. Critical accounting estimates and judgements in applying accounting policies (continued)

- Net present value of future cash flows where feasible business plans have been developed;
- Multiples based on comparable trading values and market transactions for minerals in situ; and
- Fair value of existing Property, Plant and Equipment held by the Group.

Where the CGU is in operation, generating positive cash flows (or where positive cash flows are expected in the near future), a discounted cash flow ('DCF') has been the primary valuation method. In some cases, an in situ value has been added to the DCF value. The in situ value has been added where the excess resource has not been captured in the mining plan.

Where the CGU is not operational or where the operations are not yet producing positive cash flows, an in situ value has been used. The in situ value has been calculated by using a market derived multiple on the resource. The multiple has been estimated using data from trading multiples and recent transactions in the market involving resources similar to the one being valued.

In some cases, the DCF, the in situ or the two in combination have rendered a value which is lower than the realisable sales value of PP&E and the book value of working capital. In those cases, the realisable value has been adopted as the value (sometimes in combination with an in situ value). The realisable sales value of PP&E has been calculated using specific asset values.

The cash flow projections utilised in the 2014 DCF models were based on the Group's long-term strategic plans. The long-term US inflation rate has been used as the assumed growth rate, which was applied for the years where no direct input was available. The price assumptions were based on internal management five year forecasts for commodity prices, which were then benchmarked with external sources of information to ensure that they were within the range of available analyst forecasts as well as on forecasts by independent experts.

In 2014, the key assumptions which formed the basis of forecasting future cash flows in the models are:

- Commodity prices, which are based on internal forecasts by management of the Group's sales and marketing business as well as on forecasts by independent experts. These internal forecasts are comparable to the forecasts of industry market researchers;
- Long-term costs are set in line with current operational performance, as adjusted for future inflation rates in countries of operation and, where applicable, the expected movements in key input costs;
- The successful extraction, processing and sale of the reserves and resources in accordance with the quantities described in the report on Ore Reserves and Mineral Resources and companies' long-term mine plans;
- A long-term US inflation rate average of 2.3% per annum, in line with external forecasts; and
- In determining the discount rate to be applied to the future cash flows, the Group used the post-tax Weighted Average Cost of Capital ('WACC'), adjusted for the country risk premium for each CGU accordingly. The rates used were in the range of 7.5%–13.0%.

2. Critical accounting estimates and judgements in applying accounting policies (continued)

The impairment test for SSGPO CGU was particularly sensitive to changes in commodity prices, discount rate and operating costs. Whilst the Managers remain confident in the assumptions used in the recoverable amount computation, adverse changes in assumptions as described below could result in an impairment charge.

	Excess of recoverable amount over carrying value	Value assigned to the key assumption			Change in the key assumption resulting in the recoverable amount equalling the carrying amount[1]		
		Commodity prices	Discount rate	Operating costs	Commodity prices	Discount rate	Operating costs
2014	US$ million	US$/t	%	US$/t	%	%	%
SSGPO	170	Iron ore concentrate: 54-86 Iron ore pellets: 78-134	10.0	Years 1-2: 62-65 Thereafter: 70-102	(1.3)	4.1	1.7

Each of the sensitivities above was determined assuming the relevant key assumption moved in isolation.

As a result of the annual impairment testing, the Managers do not believe that the carrying value of long-term non-financial assets was impaired at 31 December 2014, except for the CGU where impairment has been identified which is further discussed in note 10.
The primary reasons for the absence of impairment are as follows:

- Although the prospective pricing environment is more challenging for the Group, this has been mitigated by improvement in some of the macro-economic factors (risk free interest rate, market cost of debt, systematic risk associated with comparable asset return) which are used to calculate discount rate;
- The devaluation of the Kazakhstani tenge has also supported the value of the Kazakhstani assets;
- Following the 'bargain purchase' of ENRC in 2013 the Group, as required by IFRS 3(R), also did not recognise significant potential goodwill in respect of certain assets.

Business combination
During the year, the Group finalised the accounting for the acquisition of ENRC, which was determined provisionally in the prior period.

The acquisition method of accounting for business combinations requires judgements and estimates to be made as part of the measurement of the fair values of assets and liabilities acquired and the consideration transferred. The Group hired external valuation consultants to review the underlying records, make appropriate comparisons and ultimately advise on the likely fair value and economic useful lives of the acquired assets. Where external consultants were not used, the values are estimated internally.

Note 5 provides further details of the Group's policy regarding the finalisation of the 2013 business combination.

2. Critical accounting estimates and judgements in applying accounting policies (continued)

Joint Venture

On 19 December 2014, the Group acquired 100% of the shares and voting interests in KS Holding Group S.à r.l. (KSHG). Management applied judgement in classifying the investment as a joint venture based on the actual 25% interest, the call option to return for 75% and the assessment that it is probable that the licence will be obtained.

The valuation of investments acquired requires judgments and estimates to be made as part of the measurement of the fair values of assets and liabilities acquired and the consideration transferred which determine the acquired investment's carrying amount in the balance sheet. In respect of KS Holdings Group S.à r.l. the Group hired an external valuation consultant to perform a review for the purposes of the acquisition of the likely fair value of the acquired assets. Refer to Note 21 for further details.

Onerous contract provisions on long-term customer contracts

Long-term customer contracts can extend over a number of financial years. During the contractual period, revenue, costs and profits may be impacted by estimates of the ultimate profitability of each contract. Where the unavoidable costs of meeting the obligations under the contract exceed the associated expected future net benefits, an onerous contract provision is recognised. The calculation of these provisions will involve the use of estimates and assumptions. Key assumptions include forecast commodity prices, operational costs and a discount rate. Note 10 provides further details of the Group's onerous contract provision.

Contingent liabilities

The Group exercises judgement in measuring and recognising the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities (see note 39). Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Taxation

The Group is subject to the taxation requirements in the jurisdictions in which the Group operates. Significant judgement is required in determining the position for income taxes across these jurisdictions owing to the complexity of tax laws, frequent changes in tax laws and regulations, and the manner of their implementation. Judgement must also be exercised whilst interpreting the interaction between different taxes and interaction between tax rules of different jurisdictions.

Tax provisions are recognised in accordance with tax laws enacted or substantively enacted by the tax authorities in the jurisdictions in which the Group operates, and in accordance with requirements of the applicable accounting standards.

Note 18 contains information on current period tax charges, prior period adjustments, current and deferred tax assets and liabilities including, where appropriate, provisions against uncertain tax positions.

2. Critical accounting estimates and judgements in applying accounting policies (continued)

Functional currency

Management exercised judgment in determining the functional currency of the Company (the ultimate holding company) and intermediate holding companies of the Group. The selection of the functional currency has an effect for the recognition or non-recognition of foreign exchange gains and losses on external and intra-group borrowings. Based on the analysis performed the management concluded that US$ is the functional currency of the Company and the intermediate holding companies of the Group. The Group developed the accounting policy for the determination of the functional currency of ultimate holding company based on the company's own operations. The Company does not perform operational activities, thus the analysis of the primary indicators is not applicable. The analysis of the secondary indicators supported conclusion that US$ is the functional currency of the Company as its share capital, intra-group liabilities, and investments are denominated predominantly in US$ and the external financing provided to its non-autonomous operations is denominated predominantly in US$. The functional currency of the intermediate holding companies of the Group was assessed based on the fact that none of them is autonomous, therefore management has concluded that their functional currency is the same as the functional currency of the ultimate parent company, the US$.

3. Divisional information

Management have determined the operating divisions based on the reports reviewed and used by the board of managers to make strategic decisions.

Divisional Underlying EBITDA (refer to note 40) includes items directly attributable to the operating division, as well as those that can be allocated on a reasonable basis.

The Group is organised on the basis of six (2013: six) operating divisions:

- Ferroalloys – comprises the extraction and sale of chrome ore as well as the production of ferroalloys from chromium and manganese ores;
- Iron Ore – comprises exploration, extraction, processing and manufacturing of iron ore products;
- Alumina and Aluminium – comprises extraction and processing of bauxite and limestone, and smelting of alumina and aluminium;
- Other Non-ferrous – comprises the exploration and extraction, processing and manufacturing of copper and cobalt products, and the exploration of other minerals in Africa. Includes also the logistics and trucking operations throughout Southern Africa;
- Energy – comprises coal mining, processing to produce coke and semi-coke products and power generation; and
- Logistics – Kazakhstan's main freight forwarder and railroad operator, providing international logistics for all Eurasian based Group operations; also rail construction and repair services for the Kazakhstani state rail company.

Internal charges between divisions have been reflected in the performance of each operating division. The Group has a number of activities that exist principally to support the metals operations, including power generation, coal mining and transportation. Inter-division transfers or transactions are entered into under a cost-plus pricing structure. The revenue generated from third parties is measured in a manner consistent with that in the Consolidated income statement. The identified operating and reportable Divisions of the Group are the same as those that applied to the Group's Annual Report and Accounts for the period ended 31 December 2013.

The disclosure of divisional information is not required by IFRS and is presented to provide the users of the Consolidated financial statements with additional information.

3. Divisional information (continued)

Year ended 31 December 2014 Divisional information In millions of US$	Ferroalloys Division	Iron Ore Division	Alumina and Aluminium Division	Other Non-ferrous Division	Energy Division	Logistics Division	Corporate	Intra Group Eliminations	Total
Revenue	2,369	1,319	780	964	377	22	–	–	**5,831**
Inter-division revenue	7	4	2	–	278	183	–	(474)	–
Divisional revenue	**2,376**	**1,323**	782	**964**	**655**	205	–	(474)	5,831
Divisional operating profit/(loss)	724	258	338	(101)	3	66	(180)	–	1,108
Finance income									66
Finance cost									(796)
Share of results from joint venture									(3)
Profit before income tax									375
Income tax expense									(213)
Profit for the year									162
Depreciation and amortisation	(233)	(218)	(61)	(161)	(174)	(19)	(5)	–	(861)
Utilisation of inventory held at fair value	(199)	(2)	–	(3)	–	–	–	–	(204)
Net change in onerous contract provision (note 10)	–	–	289	–	–	–	–	–	289
Gain on disposal of subsidiary[1]	86	–	–	10	–	–	–	–	96
Net gain/(loss) on Kazakhstani tenge devaluation[2]	71	36	(43)	–	(2)	4	–	–	66
Restructuring costs (note 12)	–	–	–	–	–	–	(22)	–	(22)
Impairment (note 10)	–	(6)	(4)	–	(92)	–	–	–	(102)
Non-recurring items – operating	–	–	–	–	–	–	(1)	–	(1)
Underlying EBITDA (note 40)	999	448	147	53	271	81	(152)	–	1,847
Average number of employees, total	24,567	20,337	12,757	9,279	9,134	1,009	697	–	77,770

[1] Reflects the gain on disposal of Zhairemsky GOK JSC in December 2014, as well as a subsidiary which consisted of a slag dump at Chambishi. Refer to note 13 for further details.

[2] Reflects the financial impact of each segment's monetary assets and liabilities designated in Kazakhstani tenge, following the devaluation of the currency in February 2014. Refer to note 37 for further details.

3. Divisional information (continued)

Period ended 31 December 2013 As restated Divisional information In millions of US$	Ferroalloys Division	Iron Ore Division	Alumina and Aluminium Division	Other Non-ferrous Division	Energy Division	Logistics Division	Corporate	Intra Group Eliminations	Total
Revenue	505	310	137	200	79	4	–	–	1,235
Inter-segment revenue	2	1	(5)	–	56	35	–	(89)	–
Divisional revenue	507	311	132	200	135	39	–	(89)	1,235
Divisional operating profit/(loss)	(53)	65	12	(24)	30	12	(185)	–	(143)
Finance income									10
Finance cost									(113)
Exceptional items – financing									(1)
Net Gain Arising from Business Combinations									5,710
Profit before income tax									5,463
Income tax expense									(19)
Profit for the period									5,444
Depreciation and amortisation	(42)	(42)	(3)	(16)	(31)	(4)	–	–	(138)
Utilisation of inventory held at fair value	(151)	(16)	(5)	(15)	–	–	–	–	(187)
Net change in onerous contract provision (note 10)	–	–	32	–	–	–	–	–	32
Impairments	(2)	2	–	–	–	–	–	–	–
Non-recurring items – operating	–	–	–	–	1	–	(146)	–	(145)
Underlying EBITDA (note 40)	142	121	(12)	7	60	16	(39)	–	295
Average number of employees, total	24,392	20,668	13,943	9,397	9,359	958	561	–	79,278

4. Balances and transactions with related parties

During the year/period ended 31 December 2014 and 31 December 2013, the Group entered into the following transactions with related parties in the ordinary course of business:

	Founder Shareholders[1]		Joint ventures		Other[3]		Total[5]	
In millions of US$	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Revenue from sale of goods	**7**	–	**–**	–	**–**	–	**7**	–
Purchase of goods[2]	**(7)**	–	**(6)**	(5)	**–**	–	**(13)**	(5)
Purchase of services and other expense	**(73)**	(10)	**(2)**	–	**(7)**	–	**(82)**	(10)
General and administrative expenses[4]	**(17)**	–	**–**	–	**–**	–	**(18)**	–
Finance income	**14**	2	**–**	–	**–**	–	**14**	2
Finance cost	**(2)**	(1)	**–**	–	**–**	–	**(2)**	(1)
Purchase of property plant and equipment	**(1)**	–	**–**	–	**–**	–	**(1)**	–

[1] Includes all entities under the control of the Founder Shareholders.
[2] Purchase of goods in the Joint venture category relates to Xinjiang Aismir Coking Coal Co. Limited ('Asmare JV').
[3] Purchase of services in the Other category mainly relates to consultancy services provided by Bryanston Holding (Asia) Limited, the company controlled by the Group's CEO (2013: US$nil).
[4] A maximum amount of 30 million Euro per year has been approved by the Board for the travel expenses incurred by the Founder Shareholder in connection with the representation of ERG Group companies. For the year ended 2014, the total expense authorised by the board amounts to US$17 million. This includes an accrual of US$3.4 million relating to 2014 which has not yet been claimed by a Founder Shareholder (2013: US$nil).
[5] The above table excludes transactions with the DRC and the Republic of Kazakhstan Governments. The details of transactions with government bodies are available further in this note.

4. Balances and transactions with related parties (continued)

The outstanding balances with related parties as at 31 December 2014 and 31 December 2013 are as follows:

	Founder Shareholders[1]									
	Eurasian Bank		Other		Joint ventures		Other[6]		Total[8]	
In millions of US$	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Non-current assets										
Other financial assets[2]	**32**	26	–	–	–	–	–	–	**32**	26
Other non-current assets[3]	**15**	31	**5**	–	–	–	–	–	**20**	31
Current assets										
Trade and other receivables[4]	**9**	12	**3**	2	–	–	–	10	**12**	24
Loans receivable[5]	–	–	–	–	**2**	6	–	–	**2**	6
Cash and cash equivalents	**367**	114	–	–	–	–	–	–	**367**	114
Current liabilities										
Borrowings	–	1	–	–	–	–	–	–	–	1
Trade and other payables[7]	–	–	**12**	7	–	–	**5**	4	**17**	11

[1] Includes all entities under the control of the Founder Shareholders.

[2] Other financial assets held with Eurasian Bank JSC includes term deposits of US$32 million (2013: US$26 million) for the retirement of assets in accordance with the requirements of contracts on subsurface use.

[3] Other non-current assets with Eurasian Bank JSC of US$15 million (2013: US$31 million) relates to letters of credit for property, plant and equipment and US$5m (2013: US$ nil) of advances paid for construction to Shaft Sinkers Kazakhstan LLP.

[4] Trade and other receivables with Eurasian Bank JSC include term deposits including interest of US$8 million and restricted cash of US$1 million (2013: term deposits including interest of US$10 million and letters of credit of US$2 million). Trade and other receivables in the Other category with Founders Shareholders includes US$1 million in relation to travel expenses (2013: US$nil).

[5] US$5 million of the loan receivable from Taurus Gold Ltd., a joint venture of the Group, as at 31 December 2013 was impaired in 2014 and the expense was recognised in the Group's consolidated income statement.

[6] Trade payables in the Other category mainly include US$1 million payable to Medical Centre Eurasia LLP, a company owned by the former ENRC CEO (2013: US$2 million) and US$2 million payable to Brayanston Holding (Asia) Limited, a company controlled by the Group's CEO (2013: US$nil).
As at 31 December 2013, trade and other receivables in the Other category mainly related to US$3 million receivable from Xinjiang Tuoli ENRC Taihang Chrome Co. Ltd. ('Tuoli'). The company was sold in 2012 subject to the satisfactory receipt of outstanding trade payables to the Group, which was settled as at 31 December 2014.

[7] Trade and other payables in Founder Shareholders category include US$6 million accrued Founder Shareholders' travel expenses (2013: US$nil).

[8] The above table excludes balances due from/to the DRC and the Republic of Kazakhstan Governments. The details of balances due from/to the government bodies are available further in this note.

4. Balances and transactions with related parties (continued)

Founder Shareholders

The Founder Shareholders of Eurasian Natural Resources Corporation Limited ('ENRC'), Mr P Chodiev, Mr A Ibragimov and Mr A Machkevitch, collectively owned, including shares held through trusts and other entities, 43.8% of ENRC prior to the offer of Eurasian Resources Group B.V. ('ERG B.V.') became wholly unconditional as of 25 October 2013. ERG B.V. is a wholly owned subsidiary of Eurasian Resources Group S.à r.l., which was formed by a consortium including the Founder Shareholders and the Government of the Republic of Kazakhstan and held 99.81% of ENRC as at 31 December 2014 (refer to note 5 for further details). Details of capital contributions made to the Group by the Founder Shareholders are disclosed in note 29.

For the year/period ended 31 December 2014 and 31 December 2013, the Group undertook significant related party transactions with entities controlled by the Founder Shareholders.

Revenue of US$7 million from sales of goods to entities controlled by the Founder Shareholders were recognised in the Energy Division (2013: US$nil).

The purchase of goods and services from entities controlled by the Founder Shareholders include the following transactions:

	Year/period ended 31 December	
In millions of US$	**2014**	2013
Purchases of goods		
Purchases of raw materials	**(7)**	–
Purchase of services and other (expense)/income		
Insurance	**(28)**	(6)
Security services	**(25)**	(3)
Rental expenses	**(7)**	(1)
Bank charges	**(3)**	–
Repairs and maintenance	**(2)**	–
Other	**(8)**	–
Total	**(73)**	(10)

Eurasian Bank JSC

Eurasian Bank JSC is a company controlled by the Founder Shareholders. Term deposits held at Eurasian Bank JSC have an effective interest rate for the period ended 31 December 2014 of 5.9% (2013: 3.1%). Cash and cash equivalents held at Eurasian Bank JSC bear an interest rate of 5.7% (2013: 2.4%).

There were no restrictions on the balance of US$367 million (2013: US$114 million) in cash and cash equivalents at 31 December 2014.

4. Balances and transactions with related parties (continued)

Guarantees

At the inception of the contract in December 2006, Mr A Machkevitch provided a guarantee in favour of Alumina & Bauxite Company Ltd, a member of the RUSAL Group, to guarantee the due and punctual performance of ENRC Marketing AG's obligations under its alumina supply contract with RUSAL. The guarantee contains an indemnity from Mr A Machkevitch in favour of Alumina & Bauxite Company Ltd in respect of any losses it may suffer arising from any default or non-performance by ENRC Marketing AG under the contract.

Transactions and balances with Government

Government of the Republic of Kazakhstan related entities

The Government of the Republic of Kazakhstan and related entities are related parties of the Group as a result of the Government's shareholding in the Group. The Group has a number of transactions with the Government of the Republic of Kazakhstan and related entities which are based on prices and terms that would be available to third parties. The nature of these transactions are typically as follows:

- Electricity and energy supplied to Kazakhstan Temir Zholy JSC, to state owned companies which are part of the National Welfare Fund 'Samruk-Kazyna' JSC group and LLP 'Pavlodarenergosbyt' amounted to US$23 million, US$16 million and US$4 million respectively (2013: US$6 million, US$3 million and US$1 million respectively);
- Most of the Group's Community and Social Investment in Kazakhstan is made through the Komek Foundation which was established in 2008. The Komek Foundation's long-term focus is on the implementation of programmes aimed at supporting the Group's own employees as well as providing finance for investment in the development of cultural, education, sport and health facilities. Social investment and donations predominately to local schools, colleges and councils in 2014 amounted to US$23 million (2013: US$5 million);
- National railway services received from Kazakhstan Temir Zholy JSC of US$205 million (2013: US$45 million). Balances included in advances to suppliers and other receivables related to the future services from Kazakhstan Temir Zholy JSC, amounted to US$22 million as at 31 December 2014 (31 December 2013: US$32 million);
- Supply and transportation of fuel and oil associated gas by KazTransGaz JSC amounted to US$41 million (2013: US$9 million);
- Services received in relation to transportation of electricity and energy by Kazakhstan Electricity Grid Operating Company JSC ('KEGOC') – US$36 million (2013: US$7 million);
- A variety of other services (mainly utility, health and safety, medical, insurance and supply of materials) provided to the Group by the government related companies, including state owned companies which are part of the National Welfare Fund 'Samruk-Kazyna' JSC group. Total cost amounted to US$29 million in 2014 (2013: US$5 million). Balances included in advances to suppliers and trade and other receivables amounted to US$9 million and US$2 million respectively (31 December 2013: US$nil in both categories). Also, trade and other payables amounted to US$8 million (31 December 2013: US$nil); and
- Taxation and similar payments (including royalties and MET) in accordance with the Tax legislation of the Republic of Kazakhstan.

Details of capital contributions made to the Group by the Government are disclosed in note 29.

4. Balances and transactions with related parties (continued)

In 2014, ERG entered into a loan agreement with the Development Bank of Kazakhstan and prior to the acquisition by ERG, ENRC entered into loan agreements with the Development Bank of Kazakhstan and JSC Sovereign Wealth Fund 'Samruk-Kazyna', entities controlled by the Government of the Republic of Kazakhstan, as follows:

Development Bank of Kazakhstan Facility

On 25 September 2014, ERG entered into a loan agreement for the amount of US$350 million with the Development Bank of Kazakhstan. The facility is for a 7-year period, bears an interest rate of 6.95% and is fully drawn as at 31 December 2014. The loan is secured by guarantees from ERG, SSGPO JSC and Eurasian Energy Corporation JSC. Interest of US$5 million is capitalised within property, plant and equipment on the Consolidated balance sheet. The balance payable on the Consolidated balance sheet amounted to US$352 million (including accrued interest) for the year ended 31 December 2014.

On 15 April 2010, ENRC announced that it had entered into a loan agreement for the amount of US$400 million with the Development Bank of Kazakhstan. The facility is provided by the Development Bank of Kazakhstan using financing from the State-run Export-Import Bank of China. The facility is for a 15-year period, bears an interest rate of 4% and is fully drawn as at 31 December 2014 (2013: fully drawn). The loan is secured by a corporate guarantee issued by ENRC and a pledge over 51% of the shares of Kazakhstan Aluminium Smelter JSC ('KAS'). Interest charged to the Consolidated income statement amounted to US$16 million (2013: US$3 million). The balance payable on the Consolidated balance sheet amounted to US$313 million (including accrued interest) for the year ended 31 December 2014 (2013: US$303 million).

Wealth Fund 'Samruk-Kazyna' JSC

On 30 November 2010, ENRC entered into a US$500 million facility with the Wealth Fund 'Samruk-Kazyna' JSC. The facility has an applicable interest rate of 7.5% per annum and is repayable in 10 years by bullet repayment. The loan is secured by a guarantee issued by TNC Kazchrome JSC and it is fully drawn down as at 31 December 2014 (2013: fully drawn). Interest charged to the Consolidated income statement amounted to US$38 million (2013: US$6 million). The balance payable on the Consolidated balance sheet amounted to US$461 million (including accrued interest) as at 31 December 2014 (2013: US$452 million).

Government of the Democratic Republic of the Congo ('DRC') related entities

La Générale des Carrières et des Mines ('Gécamines'), the representative entity of the DRC Government, holds a 30% interest in the Group's subsidiary Boss Mining SPRL, 5% in Frontier SPRL, 30% in Metalkol S.à r.l. (including RPM which merged into Metalkol S.à r.l. in 2014) and 25% in Swanmines SPRL. The Group has a number of transactions with the DRC Government and related entities. The nature of these transactions are typically as follows:

- Taxation and similar payments (including royalties) in accordance with the Tax legislation of the DRC;
- Electricity received from Societe Nationale d'Electricite amounted to US$10 million (2013: US$2 million);
- Prior to acquisition by ENRC of the outstanding shares of Camrose Resources Limited, Metalkol SARL (a subsidiary of Camrose) recognised a long-term receivable of US$35 million from the DRC Government. The Group considers the carrying value of this amount to be US$nil due to the uncertainty of timing of recovery; and

4. Balances and transactions with related parties (continued)

- US$7 million loan receivable (2013: US$6 million) from Gécamines was recognised on the Consolidated balance sheet as at 31 December 2014. This loan was provided to Gécamines as part of the US$400 million shareholder loan facility to Camrose, for the purposes of subscribing by Gécamines for shares in Metalkol S.à r.l.

Acquisition

KS Holding Group S.à r.l

On 19 December 2014 the Group acquired 100% of the shares and voting interests in KS Holding Group S.à r.l ('KSHG') from Mr Shakhidi. Mr Shakhidi has continued involvement in KSHG through his 2 representatives which serve on the Board of Managers of KSHG. The consideration paid for the acquisition was US$49 million with an option for the Group to either return 75% of the shares or to pay an additional amount from US$150 million to US$300 million depending on the value of the shares in the future. Refer note 21 for further details regarding the acquisition.

Mr Shakhidi is a related party of the Group through his business relationships with one of the Founder Shareholders and Managers, Mr A Ibragimov. Mr Shakhidi serves as a director of a number of companies which Mr A Ibragimov ultimately controls or holds direct or indirect interests in. The Managers of the Group believe that the acquisition was conducted at arm's length and confirm that no Manager has a direct or indirect beneficial interest in the acquisition.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Key management personnel do not include Managers of the Company for whom compensation is presented separately below.

Compensation for key management personnel is set out in the table below:

	Year/period ended 31 December	
In millions of US$	**2014**	2013
Salary and other short-term benefits	**40**	3
Termination benefits	**9**	–
Post-employment benefits	**2**	–
Total	**51**	3

Balances outstanding with key management arising from key management compensation were as follows:

	As at 31 December	
In millions of US$	**2014**	2013
Payables[1]	**(14)**	(2)

[1] Payables represent accrued bonuses.

Board Compensation

Compensation payable to Managers of the Company (comprised of the persons detailed on page 33) is for services performed for the Group. No compensation was paid or payable to Managers for year ended 31 December 2014 (2013: US$nil).

5. Business combination

Acquisition of Eurasian Natural Resources Corporation Limited ('ENRC')

On 18 June 2013, the Group acquired 53.9% of the share capital of ENRC as a capital contribution from the shareholders of the Company for nil consideration. On 25 October 2013, the Group completed the purchase of 45.9% of the outstanding ordinary shares and obtained control of ENRC. The Group was unable to exercise control or significant influence over ENRC prior to 25 October 2013, as the Group's voting rights were restricted during that time.

The total consideration transferred was US$4,181 million. US$1,084 million was paid in cash (net of cash acquired) and 136,058,606 ordinary shares held in Kazakhmys plc with a total fair value of US$580 million were transferred. The total consideration also includes the fair value of the equity interest held in ENRC before the business combination of US$2,517 million, calculated based on the quoted market price of the shares at 25 October 2013, which equated to the offer price of US$2.65 cash and 0.230 Kazakhmys plc shares for 1 ENRC share.

5. Business combination (continued)

The fair value of the identifiable assets and liabilities of ENRC as at the date of acquisition were provisionally estimated and disclosed in the Group's Consolidated financial statements for the period ended 31 December 2013. The Group finalised the measurement of these fair values during 2014. The table below sets out the final fair values as at the acquisition date.

In millions of US$	Final fair values at acquisition date
Property, plant and equipment	17,139
Intangible assets	143
Investments in joint ventures	6
Other financial assets	257
Loans receivable	46
Deferred tax assets	116
Other non-current assets	285
Total non-current assets	**17,992**
Inventories	1,652
Trade and other receivables	1,104
Income tax receivable	14
Other financial assets	50
Loans receivable	3
Total current assets	**2,823**
Total assets	**20,815**
Borrowings	(4,695)
Deferred tax liabilities	(2,973)
Onerous contract provision	(208)
Asset retirement obligations	(211)
Employee benefit obligations	(76)
Other non-current liabilities	(21)
Total non-current liabilities	**(8,184)**
Borrowings	(1,159)
Trade and other payables	(899)
Onerous contract provision	(95)
Income tax liabilities	(115)
Other taxes payable	(132)
Total current liabilities	**(2,400)**
Total liabilities	**(10,584)**
Net assets	10,231
Non-controlling interests	(370)
Net attributable assets	**9,861**

5. Business combination (continued)

In millions of US$	Final fair values at acquisition date
Consideration:	
Purchase consideration settled in cash	1,567
Cash acquired	(483)
Net cash outflow on acquisition	1,084
Fair value of Kazakhmys plc shares at acquisition date	580
Fair value of existing interest at acquisition date	2,517
Total consideration	**4,181**

Analysis of gain arising from business combination:	
Fair value of existing interest at acquisition date	2,517
Fair value of existing interest at contribution date	(2,487)
Net attributable assets	9,861
Total consideration	(4,181)
Gain arising from business combination	**5,710**

As a result of the acquisition, the 53.9% previously held equity interest in ENRC was required to be re-measured at fair value as at the acquisition date, resulting in a gain of US$30 million. This gain has been included within the gain arising from business combination line in the Consolidated income statement.

The Group considered it appropriate to recognise a bargain purchase (i.e. the fair value of the assets and liabilities acquired exceeds the fair value of the consideration). The Group considered that the share price of ENRC (and consequential offer price to non-consortium shareholders) was lower than the fair value of the net assets for the following reasons:

- The share price of ENRC was depressed due to concerns over corporate governance, including concerns regarding inquiries from regulatory bodies;
- The market generally undervalued ENRC's assets, in particular its early stage international assets, and did not fully reflect the value of long life mineral resources at a number of ENRC Kazakhstan businesses; and
- The share price of ENRC (and consequential offer to non-consortium shareholders) took into account a substantial discount due to there being no controlling interest in ENRC. The Board believe that in having full control of these assets a clearer strategy can be developed, agreed and implemented and as a result a better return can be obtained.

A bargain purchase gain of US$5,710 million is reported as a gain arising on acquisition of ENRC in the Consolidated income statement.

The Group chose to recognise the non-controlling interests for this acquisition based on their proportionate share of the fair value of the identifiable net assets of the acquiree.

Acquisition costs of US$66 million were expensed and included in non-recurring items in the Consolidated income statement.

5. Business combination (continued)

The final fair value of trade and other receivables is US$1,104 million and includes trade and other receivables (financial assets) with a fair value of US$648 million. The gross contractual amount for trade and other receivables (financial assets) is US$679 million, of which US$31 million is expected to be uncollectible.

The final fair value of loans receivable is US$49 million. The gross contractual amount for loans receivable is US$52 million, of which all is expected to be collectible.

The final fair value of other financial assets is US$307 million and includes other financial assets-receivables with a final fair value of US$85 million. The gross contractual amount for other financial assets-receivables is US$101 million, of which all is expected to be collectible.

The acquired business contributed revenue of US$1,235 million and loss after income tax of US$78 million since the date of acquisition to 31 December 2013.

If the acquisition had taken place at the date of the Company's inception, there would have been additional revenue of US$2,905 million and loss after income tax of US$3,614 million.

5. Business combination (continued)

The table below sets out the fair value adjustments made to the previously reported fair values as at 31 December 2013:

In millions of US$	As previously reported as at 31 December 2013	ENRC fair value adjustments	**As restated as at 31 December 2013**
Property, plant and equipment	16,896	390	17,286
Intangible assets	160	–	160
Investments in joint ventures	6	–	6
Other financial assets	260	–	260
Loans receivable	42	–	42
Deferred tax assets	71	–	71
Other non-current assets	218	–	218
Total non-current assets	**17,653**	**390**	**18,043**
Inventories	1,433	10	1,443
Trade and other receivables	1,177	(23)	1,154
Income tax receivable	13	–	13
Other financial assets	29	–	29
Loans receivable	8	–	8
Cash and cash equivalents	478	–	478
Total current assets	**3,138**	**(13)**	**3,125**
Total assets	**20,791**	**377**	**21,168**
Capital reserve	3,159	–	3,159
Reserves	5,366	42	5,408
Attributable to owners of the Company	**8,525**	**42**	**8,567**
Non-controlling interests	389	6	395
Total equity	**8,914**	**48**	**8,962**
Borrowings	6,671	–	6,671
Deferred tax liabilities	2,574	330	2,904
Onerous contract provision	171	–	171
Asset retirement obligations	210	–	210
Employee benefit obligations	75	–	75
Other non-current liabilities	18	–	18
Total non-current liabilities	**9,719**	**330**	**10,049**
Borrowings	895	–	895
Trade and other payables	1,016	(1)	1,015
Onerous contract provision	103	–	103
Income tax liabilities	57	–	57
Other taxes payable	87	–	87
Total current liabilities	**2,158**	**(1)**	**2,157**
Total liabilities	**11,877**	**329**	**12,206**
Total liabilities and equity	**20,791**	**377**	**21,168**

5. **Business combination (continued)**

The property, plant and equipment, inventory, trade and other receivables, trade and other payables, and non-controlling interests restatements and subsequent recognition of deferred tax liabilities arise as a result of finalisation of purchase price allocation. The increase in property, plant and equipment of US$390 million is primarily due to a revision of managements determination of the Group's CGUs. The increase in deferred tax liabilities of US$330 million is due to an update in the excess profit tax rates expected to apply, which is variable and depends on profitability in future periods. These adjustments have been recorded as a prior period restatement of the Consolidated balance sheet of the Group as at 31 December 2013. The impact to the Consolidated income statement for the period ended 31 December 2013 is a US$64 million increase to the gain arising from acquisition of ENRC, a US$32 million increase to the cost of sales, and a US$9 million decrease to the income tax expense.

The net impact to the Consolidated cash flow statement for the period ended 31 December 2013 is nil (decrease of US$32 million of Profit before income tax for the period offset by respective adjustments in cash flow from operating activities) (refer to note 28).

Fair value estimates

The provisional values of assets and liabilities recognised on acquisition are their estimated fair values at the date of acquisition. Accounting standards permit up to 12 months for provisional acquisition accounting to be finalised following the acquisition date if any subsequent information provides better evidence of the item's fair value at the date of acquisition.

For the ENRC transaction, the Group finalised its review of the fair value of assets and liabilities recognised at the date of acquisition. Such review included engaging third party advisors to determine the fair values of the CGUs of the entities acquired.

6. Disposal group

The assets and liabilities related to Serov Ferroalloy Plant JSC and Saranovskaya Mine Rudnaya ('Serov'), which form part of the Ferroalloys Division, have been presented as held-for-sale following approval by the Board of ERG on 18 May 2014 to dispose of these operations for cash proceeds. The completion date for this transaction was expected to be within 12 months of Board approval. Serov's assets and liabilities are classified as a disposal group. However, Serov is not a discontinued operation at 31 December 2014, as it does not represent a major line of business or geographical area of operations. Refer to note 42 for details of the disposal of Serov on 1 April 2015.

Serov's assets and liabilities were remeasured to the lower of carrying amount and fair value less costs to sell at the date of held-for-sale classification. The impact of the remeasurement was nil.

Management plan to divest certain non-core assets within the Group's asset portfolio in the future (mainly greenfield and minority share projects). As at 31 December 2014, these non-core operations identified for divestment, did not meet the criteria to be classified as held for sale.

The major classes of assets and liabilities of the Serov disposal group are as follows:

	As at 31 December
In millions of US$	2014
Assets classified as held for sale	
Property, plant and equipment	15
Inventory	23
Cash and cash equivalents	3
Other current assets	36
Total assets of the disposal group	77
Liabilities directly associated with assets classified as held for sale:	
Trade and other payables	(9)
Other current liabilities	(10)
Provisions	(7)
Total liabilities of the disposal group	(26)
Total net assets of the disposal group	51

7. Revenue

In millions of US$	Year/period ended 31 December 2014	2013
Sales of goods, net of discounts	**5,715**	1,211
Logistics services	**96**	22
Sales of by-products and other revenue	**20**	2
Total revenue	**5,831**	1,235

8. Cost of sales

In millions of US$	Year/period ended 31 December 2014	2013 As restated [1]
Materials and components used	**(1,431)**	(496)
Staff costs	**(850)**	(137)
Depreciation, amortisation and impairment	**(833)**	(135)
Mineral extraction taxes, royalties and other taxes	**(302)**	(63)
Power and energy	**(221)**	(33)
Repairs and maintenance	**(134)**	(44)
Transportation costs	**(51)**	(9)
Insurance	**(30)**	(6)
Changes in inventories	**133**	(39)
Other	**(39)**	(21)
Total cost of sales	**(3,758)**	(983)

[1] See note 5 business combination for further details regarding restatements.

9. Distribution costs

In millions of US$	Year/period ended 31 December 2014	2013
Transportation costs	**(379)**	(83)
Taxes and duties	**(21)**	(3)
Agency and commission fees	**(15)**	(4)
Staff costs	**(13)**	(3)
Packing and handling materials	**(9)**	(2)
Insurance	**(2)**	(1)
Other	**(32)**	(12)
Total distribution costs	**(471)**	(108)

10. Impairments and onerous contract provision

Impairments

In millions of US$	Year/period ended 31 December 2014	2013
Energy Division		
- Vostochnyi pit	**(92)**	–
Other	**(10)**	–
Total impairments	**(102)**	–

Energy Division

The impairment of the coal CGU within Eurasian Energy Corporation, known as the Vostochnyi pit, results from on-going pressure on costs and decreased revenue and increased capital expenditure as a result of the tenge devaluation. The CGU was valued using the DCF method and has a recoverable amount of US$299 million, which is its fair value less costs of disposal. The US$92 million impairment loss relates to the impairment of property, plant and equipment.

Onerous contract provision

An onerous contract is defined under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

In millions of US$	Note	Year/period ended 31 December 2014	2013
Carrying value at 1 January		**274**	-
Acquisition through business combination		-	303
Utilisation		**(103)**	(18)
Unwinding of discount	17	**14**	3
Change in discount rate		**1**	–
Reversal of unused amounts		**(186)**	(14)
Carrying value at 31 December		**–**	274
Reversal of onerous contract provision charge		**186**	14

As at 31 December 2013, the Group recognised an onerous contract provision of US$274 million in connection with the obligation to supply United Company RUSAL, a Russian aluminium producer, with approximately 1,200 ktpa of alumina per year until December 2016. The pricing under this contract is linked to the LME price of primary aluminium. Due to a reduction in the estimated LME prices and increased costs of production, the unavoidable costs of meeting the contractual obligations were estimated to exceed the economic benefits that were expected to be received from it.

However, in 2014 certain terms of the contract were amended and the contract was extended until 2020. The LME price of aluminium also improved, and as a result, the criteria for the recognition of an onerous contract were no longer met. As at 31 December 2014, the Group derecognised the remaining provision by recognising a US$186 million reversal of the onerous contract provision charge in the Consolidated income statement (2013: a partial reversal of US$14 million was recognised).

10. Impairments and onerous contract provision (continued)

The onerous contract provision balance in the Consolidated balance sheet as at 31 December 2014 was therefore nil (2013: US$274 million, of which US$171 million is classified as a non-current liability and US$103 million classified as a current liability). The principal assumptions made in calculating the onerous contract provision recognised at 31 December 2013 were as follows: discount rate of 4.62%, forecast commodity prices for alumina between US$286/t and US$332/t, and operating costs between US$377/t and US$395/t.

The onerous contract provision was utilised based on the actual contractual supplies. US$92 million of the utilisation has been recognised in the Consolidated income statement within cost of sales (2013: US$16 million), US$6 million within distribution costs (2013: US$1 million) and US$5 million within general and administration expenses (2013: US$1 million).

The unwinding of the discount on the onerous contract provision and the impact of the change in the discount rate is included in the Consolidated income statement within finance costs.

11. Non-recurring items

In millions of US$	Year/period ended 31 December 2014	2013
Professional fees	–	(66)
Loss on investment in shares designated as fair value through profit or loss ('FVTPL')	**(1)**	(79)
Total non-recurring items – operating	**(1)**	(145)
Accelerated debt issue costs	–	(1)
Total non-recurring items – financing	–	(1)
Total non-recurring items	**(1)**	(146)

These items have been identified as non-recurring items since they are one-off costs associated with the acquisition of ENRC.

Professional fees
Charges of US$66 million in 2013 principally related to professional fees (mainly financial and legal due diligence) incurred by the Group in relation to the acquisition of ENRC.

Loss on investment in shares designated as FVTPL
On 18 June 2013, the State Property and Privatisation Committee ('SPPC') contributed 150,047,116 ENRC shares and 139,162,843 Kazakhmys shares to ERG as a capital contribution in consideration of one share in ERG, which was recorded as a financial asset by ERG and designated at FVTPL. A loss of US$79 million related to both the ENRC and Kazakhmys shares was recorded through the Consolidated income statement in 2013 as a non-recurring item, and a gain on business combination of US$30 million was recorded in 2013 relating to only the ENRC shares (note 5).

Refer to note 29 for further details regarding capital contributions made to the Group.

12. General and administrative expenses

In millions of US$	Year/period ended 31 December 2014	2013
Staff costs	**(297)**	(43)
Professional and other services	**(121)**	(29)
Sponsorship and donations	**(47)**	(11)
Travel and entertainment	**(43)**	(4)
Taxes other than on income	**(36)**	(19)
Restructuring costs [1]	**(22)**	–
Depreciation and amortisation	**(21)**	(3)
Rent	**(16)**	(3)
Impairment provision for trade and other receivables	**(9)**	(2)
Utilities and telecommunication services	**(10)**	(2)
Bank charges	**(8)**	(2)
Repairs and maintenance	**(6)**	(2)
Tax penalties and fines	**(6)**	–
Insurance	**(5)**	(1)
Impairment provision for loans receivable	**(2)**	–
Other	**(33)**	(12)
Total general and administrative expenses	**(682)**	(133)

[1] On 24 April 2014, the Group's management formally announced plans to the staff located in the London office of the restructure of ENRC's head office activities. Restructuring costs relate to the resulting redundancy and property related costs.

13. Gain on disposal of subsidiaries

In millions of US$	Year/period ended 31 December 2014	2013
Gain on disposal of subsidiaries	**96**	–
Total gain on disposal of subsidiaries	**96**	–

Gain on disposal of subsidiaries

On 11 December 2014 the Group sold its entire 99.84% shareholding in a subsidiary, Zhairemsky GOK JSC, to Kazzinc Limited (a Glencore Xstrata plc subsidiary). Cash consideration of US$307 million was received and a gain was recorded on disposal of US$86 million.

During the year the Group also disposed of a subsidiary which consisted of a slag dump at Chambishi resulting in a gain of US$10 million on disposal.

14. Other operating income and expense

in millions of US$	Year/period ended 31 December 2014	2013
Foreign exchange gains	**389**	19
Gain on sale of other assets	**5**	1
Operating lease income	**3**	1
Gain on sale of property, plant and equipment	**1**	–
Insurance	**–**	7
Other	**32**	3
Total other operating income	**430**	**31**
Foreign exchange losses	**(319)**	(24)
Provision for obsolete and slow-moving inventory	**(7)**	(2)
Loss on sale of other assets	**(5)**	(1)
Loss of sale of property, plant and equipment	**(3)**	(2)
Operating lease expense	**(2)**	–
Other [1]	**(55)**	(14)
Total other operating expense	**(391)**	(43)
Net other operating income/(expense)	**39**	**(12)**

[1] Included within other operating expenses is US$14 million of expenses related to idle time at production facilities.

15. Employee benefit expense

In millions of US$	Note	Year/period ended 31 December 2014	2013
Wages and salaries		**(1,080)**	(167)
Compulsory social security costs		**(81)**	(18)
Contributions to defined contribution plans		**(18)**	–
Expense related to employee benefit plans	32	**(1)**	–
Total employee benefit expense		**(1,180)**	(185)

16. Finance income

In millions of US$	Year/period ended 31 December 2014	2013
Foreign exchange gain	**25**	1
Interest income	**18**	3
Fair value gain on financial assets/liabilities	**11**	2
Unwinding gain on origination of loan	**7**	1
Net gain on sale of financial assets	**–**	2
Other	**5**	1
Total finance income	**66**	10

17. Finance cost

In millions of US$	Year/period ended 31 December 2014	2013
Interest expense on borrowings	**(548)**	(84)
Foreign exchange losses	**(157)**	(8)
Unwinding of discount on financial instruments	**(79)**	(4)
Unwinding of discount on onerous contract provision	**(15)**	(3)
Unwinding of discount on asset retirement obligations	**(13)**	(3)
Unwinding of discount on employee benefits obligations	**(4)**	–
Loss on sale of financial assets	**(1)**	–
Other[1]	**(45)**	(31)
Finance cost	**(862)**	(133)
Less: amounts capitalised on qualifying assets	**66**	20
Total finance cost	**(796)**	(113)

[1] Other cost mainly relates to amortisation of arrangement fees on loan facilities.

18. Income taxes

Income tax expense comprises the following:

In millions of US$	Year/period ended 31 December 2014	2013 As restated[1]
Current tax		
Corporate income tax – current period	**(333)**	(36)
Corporate income tax – prior periods	**7**	–
Withholding taxes	**(24)**	–
Total current tax	**(350)**	(36)
Deferred tax		
Deferred income tax – current period – origination and reversal of temporary differences	**129**	17
Deferred income tax – prior periods	**8**	–
Total deferred tax	**137**	17
Total income tax expense for the year/period	**(213)**	(19)

[1] See note 5 business combination for further details regarding restatements.

Factors affecting future tax charges

Future tax charges are affected by changes to the applicable laws and regulations in, as well as profit mix from, the jurisdictions in which the Group operates. Given that the Group is subject to Excess Profits Tax in the Republic of Kazakhstan, future tax charges are also affected by product prices and profitability levels achieved on subsurface use contracts in the Republic of Kazakhstan.

18. Income taxes (continued)

Tax charge reconciliation

A reconciliation between the actual tax charge for the year/period and the expected tax charge on the profit before tax for the year/period at the tax rate of 20% applicable in the Republic of Kazakhstan, where the majority of the Group's operations are located, is provided below:

	Year/period ended 31 December	
In millions of US$	**2014**	2013 As restated[1]
Profit before income tax	**375**	5,463
Notional tax charge at 20%	**75**	1,093
Excess profits tax – current year/period	**(47)**	(4)
Withholding taxes	**24**	–
Effect of different tax rates in other countries	**27**	7
Items not deductible / not chargeable for tax purposes	**(11)**	24
Losses not recognised for deferred tax purposes[2]	**197**	36
Movement in unrecognized temporary differences	**1**	9
Prior period adjustments	**(15)**	–
Impairments and onerous contract provision	**(40)**	(8)
Net gain arising from acquisition of subsidiary	–	(1,142)
Other	**2**	4
Income tax expense for the year/period	**213**	19

[1] See note 5 business combination for further details regarding restatements.

[2] The movement in unrecognised tax losses represents tax losses that do not meet the deferred tax asset recognition criteria, predominantly in the Other Non-ferrous and Corporate Divisions.

The aggregate amount of income tax related to items recognised directly in other comprehensive income was US$1 million (2013: US$nil).

18. Income taxes (continued)

Deferred taxation

Deferred tax movements for the year/period are summarised below as follows:

	Mineral rights	Accelerated capital allowances	Other short-term timing differences	Asset retirement obligations	Tax losses	Unrealised intercompany profit eliminated	Other	Total
As at 31 December 2013 as restated	**(1,925)**	(1,019)	**30**	**27**	**53**	17	**(16)**	**(2,833)**
Acquisitions and disposals	32	(16)	–	–	–	–	–	**16**
Credited/(charged) to consolidated income statement	73	72	5	(5)	(8)	1	(1)	**137**
Exchange differences	161	158	(7)	(4)	(1)	–	(1)	**306**
At 31 December 2014	(1,659)	**(805)**	28	**18**	**44**	**18**	**(18)**	**(2,374)**
Represented by:								
Deferred tax asset								**78**
Deferred tax (liability)								**(2,452)**
Net deferred tax (liability)								**(2,374)**
Acquired from ENRC	(999)	(470)	(27)	83	45	19	42	(1,307)
Arising upon acquisition of ENRC	(620)	(535)	–	–	–	–	(59)	(1,214)
Credited/(charged) to consolidated income statement	(107)	94	62	(55)	15	(1)	–	8
Exchange differences	16	7	(5)	(1)	(7)	(1)	1	10
At 31 December 2013	(1,710)	(904)	30	27	53	17	(16)	(2,503)
Credited/(charged) to consolidated income statement following restatements	1	8	–	–	–	–	–	9
Restatements[1]	(216)	(123)	–	–	–	–	–	(339)
At 31 December 2013 as restated	(1,925)	(1,019)	30	27	53	17	(16)	(2,833)
Represented by:								
Deferred tax asset								71
Deferred tax (liability)								(2,904)
Net deferred tax (liability)								(2,833)

[1] See note 5 business combination for further details regarding restatements.

Deferred income tax is not provided on temporary differences arising on investments in subsidiaries and interests in joint ventures where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments is US$7,879 million (2013 as restated: US$7,330 million).

The Group has US$78 million (2013: US$71 million) of deferred tax assets. The utilisation of US$60 million (2013: US$66 million) of these is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences, recognised in entities which have suffered a loss in either the current or preceding period. These deferred tax assets have been recognised on the basis of future taxable profit forecasts.

The Group has unrecognised deferred tax assets in respect of tax losses of US$702 million (2013: US$537 million). Of this amount, US$370 million (2013: US$277 million) relates to losses which expire within 10 years, and US$332 million (2013: US$260 million) relates to losses which have no expiry date.

The Group has unrecognised deferred tax assets in respect of deductible temporary differences of US$92 million (2013: US$165 million).

19. Property, plant and equipment

In millions of US$	Freehold land	Buildings and mining assets	Mineral rights	Plant and equipment	Vehicles	Assets under construction	Total
Cost at 1 January 2014	**63**	**2,888**	**7,200**	**3,641**	**1,090**	**2,542**	**17,424**
Additions	–	115	–	45	13	857	1,030
Change in asset retirement costs	–	(1)	–	(4)	–	2	(3)
Transfers	–	(70)	–	224	62	(216)	–
Net transfers (to)/from current assets	–	2	–	(22)	2	(8)	(26)
Transfer to assets classified as held for sale [2]	–	(1)	2	(22)	(1)	(3)	(25)
Disposals [1]	–	(7)	(188)	(45)	(17)	(13)	(270)
Exchange differences (note 37)	(9)	(404)	(687)	(517)	(160)	(313)	(2,090)
At 31 December 2014	**54**	**2,522**	**6,327**	**3,300**	**989**	**2,848**	**16,040**
Accumulated depreciation and impairment at 1 January 2014	–	(40)	(18)	(54)	(20)	(6)	(138)
Disposals [1]	2	7	–	33	10	(4)	48
Depreciation charge	–	(241)	(110)	(369)	(125)	–	(845)
Transfers	(2)	(8)	–	(2)	10	2	–
Transfers to assets classified as held for sale [2]	–	–	–	1	–	–	1
Impairment (charge)/reversal	–	–	–	(92)	–	(10)	(102)
Exchange differences (note 37)	–	9	4	14	5	1	33
At 31 December 2014	–	**(273)**	**(124)**	**(469)**	**(120)**	**(17)**	**(1,003)**
Carrying value at 31 December 2014	**54**	**2,249**	**6,203**	**2,831**	**869**	**2,831**	**15,037**

[1] Includes the 2014 disposal of the subsidiary Zhairemsky GOK JSC. For further information see note 14.
[2] Includes the entities Serov Ferroalloy Plant JSC and Saranovskaya Mine Rudnaya ('Serov') which are currently classified by the group as available for sale. For further information see note 6.

Additions to assets under construction included US$66 million in capitalised borrowing costs (2013: US$20 million). The average capitalisation rate was 7% for the year ended 31 December 2014 (2013: 7%).

19. Property, plant and equipment (continued)

In millions of US$	Freehold land	Buildings and mining assets	Mineral rights	Plant and equipment	Vehicles	Assets under construction	Total
Cost at 1 January 2013	–	–	–	–	–	–	–
Additions	–	17	–	12	16	297	342
Additions on business combinations (note 5)	65	2,734	7,253	3,148	1,061	2,878	17,139
Change in asset retirement costs	–	–	–	4	1	–	5
Transfers	–	130	–	492	15	(637)	–
Net transfers (to)/from current assets	–	(2)	–	(9)	–	8	(3)
Transfer to assets classified as held for sale	–	(1)	–	(2)	–	–	(3)
Disposals	–	(1)	–	(18)	(6)	(1)	(26)
Exchange differences	(2)	11	(53)	14	3	(3)	(30)
At 31 December 2013	63	2,888	7,200	3,641	1,090	2,542	17,424
Accumulated depreciation and impairment at 1 January 2013	–	–	–	–	–	–	–
Reclassification of impairment	–	–	–	–	–	(8)	(8)
Disposals	–	1	–	10	5	–	16
Depreciation charge	–	(41)	(18)	(63)	(25)	–	(147)
Transfers	–	–	–	(2)	–	2	–
Impairment reversals	–	–	–	1	–	–	1
At 31 December 2013	–	(40)	(18)	(54)	(20)	(6)	(138)
Restated carrying value at 31 December 2013[1]	63	2,848	7,182	3,587	1,070	2,536	17,286

[1] See note 5 business combination for further details regarding restatements.

20. Intangible assets

In millions of US$	Note	As at 31 December 2014	2013
Carrying amount at 1 January		160	–
Acquisition through business combination	5	–	144
Additions		37	18
Amortisation		(14)	(1)
Disposals		–	(1)
Exchange differences		(26)	–
Carrying amount at 31 December		**157**	160

Intangible assets mainly relate to internally generated software.

21. Investments in joint ventures

The amounts related to investments in joint ventures recognised in the Consolidated balance sheet and Consolidated income statement as at 31 December are as follows:

In millions of US$	2014	2013
Consolidated balance sheet	**56**	6
Consolidated income statement	**(3)**	–

As at 31 December 2014 and 31 December 2013, investments in joint ventures consisted of the following:

In millions of US$ (unless stated otherwise)			As at 31 December 2014		As at 31 December 2013	
Investee	Country of incorporation	Principal activities	Carrying value	Effective ownership[1]	Carrying value	Effective ownership[1]
Xinjiang Aismir Coking Coal Co. Ltd ('Asmare JV')	China	Production of coke and coke by-products	**6**	**67.4%**	6	67.4%
Taurus Gold Limited	British Virgin Islands	Development of gold deposits	**–**	**34.8%**	–	34.8%
KS Holding S.à r.l.	Luxembourg	Development of iron ore deposits	**50**	**25.0%**	–	–
Total			**56**		6	

[1] Effective ownership represents the Group's interests in joint ventures considering non-controlling interests.

The Group's joint ventures are private companies and there is no quoted market price available for its shares.

Movements in the carrying value of the investments in joint ventures are set out in the following table:

In millions of US$	2014	2013
At 1 January	**6**	–
Acquisition through business combination	**–**	6
Acquisition of KS Holding S.à r.l.[2]	**50**	–
Share of loss of joint ventures[3]	**–**	–
At 31 December	**56**	6

[2] On 19 December 2014, the Group acquired 100% of the shares and voting interests in KS Holding Group S.à r.l. The consideration paid for the acquisition was US$49 million (plus transaction costs of US$1 million) with an option for the Group to either return 75% of the shares or to pay an additional amount from US$150 million to US$300 million depending on the value of the shares in the future. KS Holding Group S.à r.l. is jointly controlled by the Group and the former owners of the entity, as each have an equal number of seats on the Board of Managers. The investment in KS Holding Group S.à r.l is equity accounted for at 25%, given the option to return 75% of the shares. The call option is measured at cost of US$nil as the fair value cannot be reliably measured. Refer to note 4 for further details.

[3] The US$3 million share of loss in joint ventures recognised in the Consolidated income statement relates to Taurus Gold Limited and was recognised against a long term loan which forms part of the interest in the joint venture.

Commitments and contingent liabilities in respect of joint ventures

There are no contingent liabilities relating to the Group's interest in joint ventures.

21. Investments in joint ventures (continued)

Summary financial information of material joint venture

Set out below is the summarised financial information for KS Holding S.à r.l. which is accounted for using the equity method.

In millions of US$	2014	2013
Cash and cash equivalents	7	–
Net assets	**7**	–

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts).

Reconciliation of summarised financial information of material joint venture

Reconciliation of the summarised financial information presented to the carrying amount of its interest in KS Holdings S.à r.l.

In millions of US$	2014	2013
Closing net assets	**7**	–
Interest in joint venture @ 25%	**2**	–
Goodwill	**48**	–
Carrying value	**50**	–

22. Other financial assets

In millions of US$	As at 31 December 2014	2013
Non-current		
Investments in quoted equity shares (a)	–	205
Other (b)	**56**	55
Total non-current other financial assets	**56**	260
Current		
Investments in quoted equity shares (a)	**163**	2
Other (c)	**33**	27
Total current other financial assets	**196**	29
Total other financial assets	**252**	289

(a) Current investments in quoted equity shares comprise the Group's interest in Northam Platinum Limited ('Northam'), a major South African platinum producer (2013: non-current).

During 2014, a US$43 million loss has been recognised in the Consolidated statement of comprehensive income in respect of this investment (2013: US$9 million loss). This investment is being held as an available-for-sale current asset and has been reclassified from non-current to current due to management intention to dispose of this asset within 12 months of the balance sheet date (refer to note 42 for more details).

(b) Other non-current financial assets comprise US$32 million of other related party non-current financial assets (2013: US$26 million) and US$24 million of other third party non-current financial assets (2013: US$29 million).

(c) Other current financial assets comprise US$33 million of investments in Guaranteed Investment Certificates ('GICs') with Canadian financial institutions (2013: US$22 million). These GICs are yielding interest at rates ranging from 1.21% to 1.75% (2013: 1.00% to 1.45%) and have original maturity dates of greater than three months but not more than one year.

All changes in fair value of financial assets are attributable to changes in market conditions.

Financial assets are denominated in the following currencies:

In millions of US$	As at 31 December 2014	2013
South African rand	**164**	208
Canadian dollar	**33**	22
Kazakhstani tenge	**33**	30
US dollar	**15**	26
Brazilian real	**7**	–
European euro	–	2
British pound	–	1
Total other financial assets	**252**	289

23. Loans receivable

In millions of US$	Note	As at 31 December 2014	2013
Non-current			
Loans receivable from related parties	4	**7**	6
Loans receivable		**27**	36
Total non-current loans receivable		**34**	42
Current			
Loans receivable from related parties	4	**2**	6
Loans receivable		**66**	2
Total current loans receivable		**68**	8
Total loans receivable		**102**	50

Reclassification of current loan receivable

In September 2010, ENRC N.V. (a Group company) acquired from Ardila Investments N.V. ('Ardila') the 50% share of Bahia Minerals B.V. ('BMBV') that it did not already own under a Share Purchase Agreement (the 'SPA'). BMBV owns the Pedra de Ferro iron ore mine in Bahia province, Brazil. The payment terms in the SPA stipulated that part of the consideration was to be paid in instalments. On 8 March 2013, the parties to the SPA agreed to, inter alia, amend the payment terms relating to the BMBV acquisition. Under the amended payment terms:

- ENRC N.V. loaned US$65 million to Ardila, which was to be repayable on the earlier of the issuance of a port installation licence for the private terminal port at Porto Sul in Ilheus, Brazil (the 'Port Installation Licence') or 1 June 2014 (later extended to 1 July 2014); and
- The final instalment payment of US$285 million was to be payable on the later of the issuance of the Port Installation Licence or 31 May 2014 (subject to the Port Installation Licence being issued on or before a longstop date of 21 September 2014, after which the final instalment would not be payable).

23. Loans receivable (continued)

At 31 December 2013, the current loan receivable of US$65 million was offset against the deferred consideration payable of US$285 million, as the intention was to settle on a net basis with the net amount of US$220 million included in trade and other payables. At 31 December 2014, the Group no longer expects to settle the deferred consideration payable on a net basis as a result of the legal proceedings initiated (see note 39 for further details). At 31 December 2014, the US$65 million loan advanced to Ardila is included in current loans receivable and the US$285 million deferred consideration payable is included in trade and other payables.

The Group's loans receivable mature as follows:

	As at 31 December	
In millions of US$	**2014**	2013
Less than 1 year	**68**	8
Between 1 and 2 years	**5**	11
Between 2 and 3 years	**5**	12
Between 3 and 4 years	**2**	5
Between 4 and 5 years	**2**	4
Between 5 and 10 years	**17**	6
Greater than 10 years	**3**	4
Total loans receivable	**102**	50

The Group's loans receivable are denominated in currencies as follows:

	As at 31 December	
In millions of US$	**2014**	2013
US dollar	**75**	15
Kazakhstani tenge	**25**	33
British pound	**2**	2
Total loans receivable	**102**	50

23. Loans receivable (continued)

The effective interest rates at the balance sheet date for interest bearing loans receivable were as follows:

In millions of US$	Loan currency	Maturity	Effective interest rate 2014	2013	As at 31 December 2014	2013
Non-current						
Loans receivable from related parties	US$	2020	8%	8%	7	6
Total related party					**7**	6
Loans receivable	KZT	Various	1-12%	1-12%	22	30
Loans receivables – non-interest bearing	KZT	Various	n/a	n/a	3	3
Loans receivables – non-interest bearing	US$	2015	n/a	n/a	2	3
Total third party					**27**	36
Total non-current loans receivable					**34**	42
Current						
Loans receivable from related parties	GBP	2015	n/a	n/a	**2**	–
Loans receivable from related parties	US$	2014	2%	2%	**5**	6
Impairment loss provision on loans related parties	US$	2014	2%	n/a	**(5)**	–
Total related party					**2**	6
Loans receivables – non-interest bearing	US$	2015	n/a	n/a	**65**	–
Loans receivables – non-interest bearing	Various	Various	n/a	n/a	**1**	2
Total third party					**66**	2
Total current loans receivable					**68**	8
Total loans receivable					**102**	50

The fair values of the Group's loans receivable are as follows:

In millions of US$	Carrying values 2014	2013	Fair values 2014	2013
Loans receivable	**93**	38	**93**	38
Loans receivable from related parties	**9**	12	**9**	12
Total loans receivable	**102**	50	**102**	50

The fair values of current and non-current loans receivable are determined using discounted cash flows at the interest rates prevailing as at 31 December 2014. Fair values of loans receivable approximate their carrying values.

24. Other non-current assets

in millions of US$	As at 31 December 2014	2013
Prepayments for property, plant and equipment and related services	**88**	148
Long-term inventory	**–**	57
Other advances and non-current assets	**65**	14
Provision for impairment	**(1)**	(1)
Total other non-current assets	**152**	218

Prepayments for property, plant and equipment and related services are for machinery and equipment. Included in the prepayments are US$15 million (2013: US$31 million) of letters of credit with Eurasian Bank JSC pertaining to purchases of property, plant and equipment and US$5 million of (2013: US$nil) of advances paid for construction works to Shaft Sinkers Kazakhstan LLP, refer to note 4 for further details.

25. Inventories

In millions of US$	As at 31 December 2014	2013 As restated [1]
Finished goods	**420**	601
Raw materials	**363**	327
Consumable stores	**270**	296
Work-in-progress	**133**	176
Other inventory	**83**	74
Less write-down for obsolete and slow-moving inventory	**(56)**	(31)
Total inventories	**1,213**	1,443

[1] See note 5 business combination for further details regarding restatements.

Inventory write-downs recognised in the Consolidated income statement during the year amounted to US$25 million (2013: US$19 million). This includes US$18 million (2013: US$19 million) in cost of sales and US$7 million (2013: US$nil) in other operating income and expense based on the nature of the inventory.

26. Trade and other receivables

In millions of US$	Note	As at 31 December 2014	2013 As restated[1]
Trade receivables		**468**	603
Other receivables		**22**	14
Restricted cash[2]		**13**	9
Other amounts due from related parties	4	**10**	13
Term deposits		**9**	3
Term deposits with related parties	4	**8**	10
Trade receivables from related parties	4	**5**	7
Restricted cash with related parties	4	**1**	–
Letters of credit with related parties	4	**–**	2
Less impairment loss provision		**(18)**	(12)
Total financial assets		**518**	649
Other taxes[3]		**310**	423
Prepaid expenses		**37**	29
Advances to suppliers		**24**	21
Advances to related parties	4	**15**	14
Prepaid expenses to related parties	4	**15**	19
Less impairment loss provision		**–**	(1)
Total non-financial assets		**401**	505
Total trade and other receivables		**919**	1,154

[1] See note 5 business combination for further details regarding restatements.
[2] Restricted cash of US$10 million (2013: US$8 million) held for Belgium VAT. The remaining amount of US$3 million is cash in transit at VTB Bank JSC.
[3] Other taxes relate mainly to VAT receivable.

The fair value of trade and other receivables (financial assets) approximates their carrying value. As at 31 December 2014, trade and other receivables (financial assets) of US$124 million (2013: US$174 million) were past due but not impaired. These relate to a number of independent customers that do not have external ratings for whom there is no recent history of default. With respect to trade and other receivables that are neither impaired nor past due, there are no indications as at the reporting date that the customers will not meet their payment obligations. The overdue analysis of these receivables is as follows:

In millions of US$	As at 31 December 2014	2013
Current and neither past due nor impaired	**395**	477
Less than 3 months overdue	**90**	153
Between 3 to 6 months overdue	**24**	2
Between 6 to 12 months overdue	**7**	6
Over 12 months overdue	**3**	13
Total past due but not impaired	**124**	174
Current and past due but not impaired	**519**	651
Individually determined to be impaired – gross	**17**	10
Total individually impaired	**17**	10
Total trade and other receivables (financial assets) – gross	**536**	661
Less impairment loss provision	**(18)**	(12)
Total trade and other receivables (financial assets) – net	**518**	649

26. Trade and other receivables (continued)

Movements of the impairment provision of trade and other receivables (financial assets) during the year/period are as follows:

In millions of US$	Impairment loss provision	
	2014	2013
Balance as at 1 January	**12**	–
Impairment loss recognised in consolidated income statement	**7**	1
Transferred to assets held for sale	**(1)**	–
Business acquisitions	–	31
Amounts written off as uncollectable	–	(20)
Balance as at 31 December	**18**	12

The trade and other receivables (financial assets) are denominated in various currencies as follows:

In millions of US$	As at 31 December	
	2014	2013
US dollar	**321**	517
Russian rouble	**113**	30
Kazakhstani tenge	**66**	70
Great British pound	**1**	1
Brazilian real	**1**	18
European euro	**1**	6
Other	**15**	7
Total trade and other receivables (financial assets) – net	**518**	649

The interest rate profile of the Group's interest-bearing trade and other receivables (financial assets) is as follows:

In millions of US$	As at 31 December	
	2014	2013
Fixed interest rate	18	13
Floating interest rate	10	8

All other trade and other receivables (financial assets) are non-interest bearing.

27. Cash and cash equivalents

For the purposes of the Consolidated cash flow statement, cash and cash equivalents include short-term deposit, cash at bank and on hand, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the year/period as shown in the Consolidated cash flow statement can be reconciled to the related items in the Consolidated balance sheet as follows:

		As at 31 December	
In millions of US$	Note	**2014**	2013
Short-term deposits		**353**	275
Cash at bank and on hand		**444**	203
Cash and cash equivalents		**797**	478
Bank overdrafts	30	–	(15)
Net cash and cash equivalents		**797**	463

The cash and cash equivalents are denominated in currencies as follows:

	As at 31 December	
In millions of US$	**2014**	2013
US dollar	**692**	266
Kazakhstani tenge	**34**	62
Canadian dollar	**16**	22
European euro	**16**	16
Russian rouble	**14**	81
British pound	**12**	7
Brazilian real	**6**	19
South African rand	**4**	5
Chinese renminbi	**2**	–
Other	**1**	–
Total cash and cash equivalents	**797**	478

The interest rate profile of the interest-bearing cash and cash equivalents is as follows:

	As at 31 December	
In millions of US$	**2014**	2013
Fixed interest rate	**425**	239
Floating interest rate	**282**	157

All other cash and cash equivalents are non-interest bearing.

28. Cash flow from operating activities

In millions of US$	Note	Year/period ended 31 December 2014	2013 As restated [1]
Cash flow from operating activities			
Profit before income tax for the year/period		**375**	5,463
Adjustments for:			
Depreciation and amortisation		**861**	138
Loss on disposal of property, plant and equipment		**2**	2
Impairment	10	**102**	–
Gain on disposal of subsidiaries	13	**(96)**	–
Net gain arising from business combinations	5	**–**	(5,710)
Net change in onerous contract provision	10	**(289)**	(32)
Share of loss of joint ventures		**3**	–
Non-recurring items – operating (non-cash)	11	**1**	79
Impairment loss on receivables		**12**	2
Write-down of inventories		**25**	19
Net finance cost		**730**	103
Net foreign exchange (gain)/ loss		**(70)**	5
Cash generated from operating activities before working capital and other adjustments		**1,656**	69
Changes in inventories		**27**	190
Changes in trade and other receivables		**(48)**	–
Changes in trade and other payables		**(43)**	30
Changes in asset retirement obligations		**(19)**	(6)
Changes in employee benefit obligations		**(5)**	(4)
Changes in other taxes payable		**15**	(44)
Cash generated from operating activities		**1,583**	235

[1] See note 5 business combination for further details regarding restatements.

29. Capital and dividends

Share capital

	Number (issued and fully paid)	Ordinary shares US$'000
At 31 December 2014	**77,500**	**78**
At 31 December 2013	62,500	82

As at 31 December 2013, total authorised, issued and paid capital was 62,500 ordinary shares with a par value of €1 each. On 29 December 2014, these shares were converted into 77,500 ordinary shares with a par value of US$1 each. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Capital Reserves

On 18 June 2013, the State Property and Privatisation Committee ('SPPC') contributed 150,047,116 ENRC shares and 139,162,843 Kazakhmys shares to ERG S.à r.l. On 18 June 2013, the shareholders of the Group transferred 543,875,125 ENRC shares as a capital contribution to ERG B.V.

	Year/period ended 31 December	
In millions of US$	2014	2013
Capital contribution of ENRC shares	**2,505**	2,505
Capital contribution of Kazakhmys shares	**654**	654
Total capital contribution	**3,159**	3,159

Dividends

For the year ended 31 December 2014, no dividends were declared or paid by the Group (2013: US$nil). The Board of Managers does not recommend a final dividend for the year ended 31 December 2014 (2013: US$nil).

30. Borrowings

In millions of US$	Note	As at 31 December 2014	2013
Non-current			
Bank borrowings		**5,010**	5,927
Term borrowings		**8**	7
Non-current borrowings – third party		**5,018**	5,934
Bank borrowings		**608**	296
Term borrowings		**450**	441
Non-current borrowings – related party	4	**1,058**	737
Total non-current borrowings		**6,076**	6,671
Current			
Bank borrowings		**1,337**	379
Promissory notes		**400**	482
Bank overdrafts		**–**	15
Current borrowings – third party		**1,737**	876
Bank borrowings		**57**	7
Term borrowings		**11**	11
Promissory notes		**–**	1
Current borrowings – related party	4	**68**	19
Total current borrowings		**1,805**	895
Total borrowings		**7,881**	7,566

30. Borrowings (continued)

The carrying values and fair values of borrowings are as follows:

In millions of US$	Carrying values 2014	Carrying values 2013	Fair values 2014	Fair values 2013
Bank borrowings	**7,012**	6,609	**6,336**	6,451
Term borrowings	**469**	459	**413**	465
Promissory notes	**400**	483	**406**	489
Bank overdrafts	**–**	15	**–**	15
Total borrowings	**7,881**	7,566	**7,155**	7,420

The fair value of borrowings is determined using discounted cash flows at the discount rates for the relevant facilities as at the balance sheet date.

The Group's borrowings mature as follows:

In millions of US$	As at 31 December 2014	As at 31 December 2013
Less than 1 year	**1,805**	895
Between 1 and 2 years	**3,106**	1,247
Between 2 and 3 years	**978**	3,420
Between 3 and 4 years	**1,166**	306
Between 4 and 5 years	**89**	1,017
Between 5 and 10 years	**706**	665
Between 10 and 15 years	**31**	16
Total borrowings	**7,881**	7,566

The Group's borrowings are denominated in currencies as follows:

In millions of US$	As at 31 December 2014	As at 31 December 2013
US dollar	**7,846**	7,247
European euro	**35**	318
Kazakhstani tenge	**–**	1
Total borrowings	**7,881**	7,566

30. Borrowings (continued)

The effective interest rates at the balance sheet date for current and non-current borrowings are as follows:

In millions of US$	Borrowing currency	Maturity	Effective interest rate 2014	Effective interest rate 2013	As at 31 December 2014	As at 31 December 2013
Third party						
Bank borrowings (a)	US$	2016	**LIBOR + 6.75%**	LIBOR + 7.25%	**1,654**	1,646
Bank borrowings (f)	US$	2016-2017	**6.10 - 8%**	LIBOR + 7.50%	**473**	948
Bank borrowings (f)	US$	2018	**LIBOR +7.50%**	LIBOR + 7.50%	**974**	985
Bank borrowings (b)	US$	2018	**LIBOR + 7.25%**	n/a	**323**	–
Bank borrowings (e)	US$	2018	**LIBOR + 7.25%**	LIBOR + 7.25%	**250**	375
Bank borrowings (e)	US$	2017	**LIBOR + 7.30%**	LIBOR + 6.30%	**1,307**	1,952
Bank borrowings (c)	EUR	2022	**EURIBOR + 1.1%**	n/a	**14**	–
Bank borrowings (c)	EUR	2020	**EURIBOR + 0.5%**	EURIBOR + 0.5%	**15**	21
Non-interest bearing term borrowings	Various				**8**	7
Total third party					**5,018**	5,934
Related party						
Bank borrowings (h)	US$	2025	**LIBOR + 8.25%**	LIBOR + 8.25%	**287**	296
Bank borrowings (h)	US$	2021	**LIBOR + 7.20%**	n/a	**321**	–
Term borrowings (g)	US$	2020	**LIBOR + 7.50%**	LIBOR + 8.25%	**450**	441
Total related party					**1,058**	737
Total non-current					**6,076**	6,671
Third party						
Bank borrowings (a)	US$	2016	**LIBOR + 6.75%**	LIBOR + 7.25%	**20**	19
Bank borrowings (e)	US$	2018	**LIBOR + 7.25%**	LIBOR + 7.25%	**100**	2
Bank borrowings (e)	US$	2017	**LIBOR + 7.30%**	LIBOR + 6.30%	**557**	22
Bank borrowings (f)	US$	2016-2017	**6.10 - 8%**	LIBOR + 7.50%	**496**	8
Bank borrowings (f)	US$	2018	**LIBOR +7.50%**	LIBOR + 7.50%	**12**	14
Bank borrowings (b)	US$	2018	**LIBOR + 7.25%**	n/a	**134**	–
Bank borrowings (c)	EUR	2022	**EURIBOR + 1.1%**	EURIBOR + 1.1%	**3**	45
Bank borrowings (c)	EUR	2014	**EURIBOR +1.2%**	EURIBOR + 1.2%	**–**	196
Bank borrowings (c)	EUR	2014	**EURIBOR +1.5%**	EURIBOR + 1.5%	**–**	52
Bank borrowings (c)	US$	2020	**EURIBOR + 0.5%**	EURIBOR + 0.5%	**4**	4
Bank borrowings	US$	2014	**LIBOR + 2.0%**	LIBOR + 2.0%	**11**	17
Promissory notes (d)	US$	2015	**LIBOR + 7.62%**	LIBOR + 7.50%	**400**	482
Bank overdrafts	US$	2014	**9.0%**	9.0%	**–**	15
Total third party					**1,737**	876
Related party						
Bank borrowings (h)	US$	2025	**LIBOR + 8.06%**	LIBOR + 8.25%	**26**	7
Bank borrowings (h)	US$	2021	**LIBOR + 7.20%**	n/a	**31**	–
Term borrowings (g)	US$	2020	**LIBOR + 7.50%**	LIBOR + 8.25%	**11**	11
Promissory notes	KZT	2014	**n/a**	Interest-free	**–**	1
Total related party					**68**	19
Total current					**1,805**	896
Total borrowings					**7,881**	7,566

30. Borrowings (continued)

(a) Acquisition Facility
On 24 June 2013, the Group entered into a term loan facility arranged by Sberbank of Russia and VTB Capital PLC (the 'Acquisition Facility') for US$1,700 million to finance the acquisition of Eurasian Natural Resources Corporation Group. The Acquisition Facility is repayable in three years by bullet repayment and bears an interest rate of LIBOR plus the margin. The margin on this facility is between 6.75% and 8.5% depending on certain circumstances. As at 31 December 2014 ERG B.V. has drawn down US$1,654 million (US$1,667 less transaction fees amounting to US$7 million) of the facility, (31 December 2013: US$1,667 million less transaction fees amounting to US$21 million). No further drawings can be made under this facility.

Eurasian Resources Group (the 'Group') completed its acquisition of Eurasian Natural Resources Corporation Group (the 'ENRC Group') on 25 October 2013.

The above US$1,700 million facility is secured by guarantees issued by ENRC Limited, SSGPO JSC, TNC Kazchrome JSC, Aluminium of Kazakhstan JSC, Eurasian Energy Corporation JSC, Shubarkol Komir JSC, MEK Transsystema LLP, Transcom LLP and ERG S.à r.l.

(b) Backstop Facilities
On 24 June 2013, the Group entered into a Backstop Credit Facility for US$1,000 million with VTB Capital PLC. The loan has an applicable interest rate of LIBOR plus 7.25% and under certain circumstances the margin applicable to this facility could increase to 8%. It is repayable by 15 equal quarterly repayments commencing in 2014. No security has been pledged as part of the agreement and as at 31 December 2014 the outstanding balance was US$464 million less transaction fees amounting to US$7 million (2013: US$nil). This facility has a working capital component of US$250 million and the remaining facility amount is restricted to the refinancing of the ENRC Group's pre-existing debt.

The above facility is secured by guarantees issued by ENRC Limited, SSGPO JSC, TNC Kazchrome JSC, Aluminium of Kazakhstan JSC, Eurasian Energy Corporation JSC, Shubarkol Komir JSC, MEK Transsystema LLP, Transcom LLP, ERG S.à r.l. and ERG BV.

30. Borrowings (continued)

(c) Export Credit Facilities ('ECA Facility')
On 21 December 2012, ENRC entered into an ECA Facility agreement for the amount of €74.8 million. The agreement has a 10.5 year maturity with a three-year draw down availability period and bears and interest rate of six-month EURIBOR plus 1.1% per annum. Euler Hermes Kreditversicherungs AG has provided credit insurance to support the facility.

In May 2014 lenders have exercised their mandatory prepayment rights under the change of control provision and the outstanding loan balance under the facility has been repaid (US$64 million). Subsequent to prepayment in May 2014 the undrawn facility amount remains available for utilisation and the facility remains in place until its full maturity in 2022. As at 31 December 2014 the outstanding balance was US$17 million (2013: US$45 million).

On 7 February 2011, ENRC entered into an ECA Facility agreement for the amount of €185 million. The agreement had an 11-year maturity and bears an interest rate of six month EURIBOR plus 1.2% per annum. Euler Hermes Kreditversicherungs AG had provided credit insurance to support the facility. The purpose of the facility was to finance the Group's capital expenditure on the new Aktobe ferroalloys smelter. On 12 February 2014, the lenders exercised their rights to call on the loan under the change of control provisions contained in the ECA Facility agreement. The whole outstanding balance was repaid. As at 31 December 2014 the outstanding balance was US$nil million (2013: US$196 million).

On 16 February 2010, ENRC entered into an ECA facility agreement for the amount of €47.5 million. The facility has a 10-year maturity and bears an interest rate of six month EURIBOR plus 1.5% per annum. Euler Hermes Kreditversicherungs AG has provided credit insurance to support the facility. The facility was to be used to finance some of the Group's planned capital expenditure. The facility has been fully repaid in September 2014 (2013: US$52 million).

On 30 November 2007, ENRC entered into an unsecured €32.5 million ECA facility. The facility has an applicable interest rate of six month EURIBOR plus 0.5% per annum and matures on 20 February 2020. Euler Hermes Kreditversicherungs AG has provided credit insurance to support the facility. The purpose of the facility is to finance an export contract with Takraf GmbH. As at 31 December 2014 US$19 million of the facility was outstanding (2013: US$25 million).

(d) Promissory Notes
On 19 March 2014, the Group entered into an agreement to restructure the original US$500 million FQM Promissory Note. A principal repayment of US$70 million on the original note was made during 2014. A new promissory note agreement was entered into between the existing holder, FQM Finance Limited and ENRC. The principal sum for the new promissory note is US$430 million and has a maturity date of 31 December 2015. A prepayment of US$40 million of interest was made on the new promissory note on 19 March 2014. The revised interest rate is 5% per annum. Additionally, the new note is secured by guarantees issued by certain subsidiary entities relating to the Group's interest in Mozambique coal (South East Africa Coal Holdings Limited, South East Africa Mining Limited, South African Coal Limited, ENRC Mozambique Limitada) and a separate guarantee ENRC Congo B.V. The original note was cancelled as a condition of entry into the new promissory note.

As a result of the above restructuring, the original promissory note was extinguished in March 2014 and the new promissory note recognised initially at fair value with an impact to the Consolidated income statement for the period ended 31 December 2014 of US$12 million fair value gain on financial liabilities, recorded within Finance Income.

30. Borrowings (continued)

(e) Sberbank of Russia

On 25 June 2013, ENRC entered into a term loan facility with Sberbank of Russia for US$500 million. The facility is repayable in five years with a six-month draw down availability period and bears an interest rate of LIBOR plus 7.25%. Under certain circumstances, the margin on this facility could increase to 8.25%. As at 31 December 2014 US$350 million of the facility was outstanding (2013: US$377 million). The use of this facility is restricted to the refinancing of the Group's existing debt.

The loan is secured by guarantees issued by TNC Kazchrome JSC, SSGPO JSC, Aluminium of Kazakhstan JSC, Eurasian Energy Corporation JSC and Shubarkol Komir JSC.

On 1 February 2012, ENRC entered into a credit facility agreement with Sberbank of Russia for US$2,000 million. The facility has an applicable interest rate of LIBOR plus 7.3% and is repayable in five years. The full amount was drawn down at 31 December 2014 (2013: fully drawn down).

On 11 April 2014, the Group entered into an amendment to the existing US$2,000 million loan facility with Sberbank of Russia, originally executed in February 2012. This amendment reschedules the capital repayments, reducing the existing contracted capital repayments in 2014 and Q1 2015 to US$160 million, down from US$667 million, with the rescheduled balance being payable along with the final instalment in January 2017.

The loan is secured by guarantees issued by TNC Kazchrome JSC, SSGPO JSC, Aluminium of Kazakhstan JSC, Eurasian Energy Corporation JSC and Shubarkol Komir JSC.

On 15 September 2014 an agreement was signed with Sberbank of Russia to push down the existing facilities into JSC TNC Kazchrome and SSGPO JSC. The term loan facilities are for a total of US$2,220 million; bear interest at 7.15% and are repayable 42 months from signing date. The new facilities can be drawn down once certain conditions are satisfied. The loan is secured by guarantees issued by Eurasian Resources Group S.à r.l, Eurasian Resources Group B.V., SSGPO JSC, JSC TNC Kazchrome, Aluminium of Kazakhstan JSC, Eurasian Energy Corporation JSC and Shubarkol Komir JSC.

In March 2015 the Group repaid the original US$500 million facility and in April 2015 the Group repaid the original US$2,000 facility.

(f) Russian Commercial Bank (Cyprus) Limited (part of the VTB Group)

On 30 September 2011, ENRC entered into a US$1,000 million loan agreement with Russian Commercial Bank (Cyprus) Limited (part of the VTB group). The loan has an applicable interest rate of 6.1% per annum and is repayable initially in three years by bullet repayment with a two-year term-out option. No security has been pledged as part of the agreement and it was fully drawn down as at 31 December 2014 (2013: fully drawn down).

In October 2014 the facility has been extended in two tranches. Tranche A for $500 million has been extended until March 2015 with an interest of 6.1%. Tranche B for $500 million was extended for 2 years until September 2016 and bears an interest rate of 8%. In April 2015 Tranche A has been extended for a further 2 years until March 2017 with an interest rate of 10%. If the Group's credit rating falls below B- (B3), the interest rate for both tranches will increase by 0.5%.

The above facility is secured by guarantees issued by ENRC Limited, SSGPO JSC, TNC Kazchrome JSC, Aluminium of Kazakhstan JSC, Eurasian Energy Corporation JSC Shubarkol Komir JSC and ERG S.a.r.l.

30. Borrowings (continued)

On 25 April 2012, ENRC entered into a US$1,000 million loan agreement with Russian Commercial Bank (Cyprus) Limited (part of the VTB group).

On 25 June 2013, ENRC amended its agreement dated 25 April 2012 on its second US$1,000 million term loan facility. The facility now bears an applicable interest rate of 7.50% per annum and is repayable on 25 June 2018 by bullet repayment. The full amount was drawn down at 31 December 2014 (2013: fully drawn down).

The loan is secured by guarantees issued by ENRC Limited, TNC Kazchrome JSC and SSGPO JSC.

(g) Wealth Fund 'Samruk Kazyna' JSC
On 30 November 2010, ENRC entered into a US$500 million facility with the Wealth Fund 'Samruk Kazyna' JSC. The facility has an applicable interest rate of 7.5% per annum and is repayable in 10 years by bullet repayment. No security has been pledged as part of the agreement and it was fully drawn down as at 31 December 2014 (2013: fully drawn down).

The loan is guaranteed by TNC Kazchrome JSC.

(h) Development Bank of Kazakhstan Facilities
On 15 April 2010, ENRC entered into a loan agreement for the amount of US$400 million with the Development Bank of Kazakhstan. The facility was provided by the Development Bank of Kazakhstan using financing from the State-run Export-Import Bank of China. The facility is for a 15-year period, bears an interest rate of 4% and was fully drawn as at 31 December 2014 (2013: fully drawn down).

The loan is secured by a guarantee issued by ENRC Limited, pledge over 51% of the shares of Kazakhstan Aluminium Smelter JSC and pledge over fixed and floating assets in Kazakhstan Aluminium Smelter JSC.

On 25 September 2014, the Group entered into a loan agreement of US$350 million with Development Bank of Kazakhstan for the financing of the capital expenditure at JSC TNC Kazchrome. The facility is for 7 years and bears an interest rate of 6.95%. The loan is secured by guarantees from Eurasian Resources Group S.à r.l, SSGPO JSC and Eurasian Energy Corporation JSC. As at 31 December 2014 the loan was fully drawn down.

Undrawn Loan Commitments
As at 31 December 2014, the Group had US$518 million of undrawn committed facilities (2013: US$120 million). Other remaining undrawn facilities may only be utilised for those purposes as outlined above.

Average maturity of the Group's Outstanding Debt
As of 31 December 2014, the average maturity of ERG Group's outstanding debt was 3.1 years (2013: 3.6 years).

31. Asset retirement obligations

The Group has a legal obligation to complete landfill site restoration during mining operations and decommission its mining property after closure. The timing of decommissioning activity is subject to reassessment at the same time as the revision of the Group's proved and probable reserves.

		As at 31 December	
In millions of US$	Note	**2014**	2013
Current provision for asset retirement obligations	33	**5**	4
Non-current provision for asset retirement obligations		**155**	210
Total provision for asset retirement obligations		**160**	214

Movements in asset retirement obligations are as follows:

In millions of US$	Note	Asset decommissioning costs	Site restoration and re-vegetation	Total
As at 1 January 2014		**72**	**142**	**214**
Capitalisation	19	**(6)**	**3**	**(3)**
Disposal of subsidiary		–	**(9)**	**(9)**
Transfer		–	**(6)**	**(6)**
Production costs		**(8)**	**(6)**	**(14)**
Unwinding of discount	17	**7**	**6**	**13**
Utilisation		–	**(4)**	**(4)**
Exchange differences		**(11)**	**(20)**	**(31)**
As at 31 December 2014		**54**	**106**	**160**
Acquisition through business combination		94	117	211
Capitalisation	19	(21)	26	5
Transfer		–	(3)	(3)
Production costs		–	(4)	(4)
Unwinding of discount	17	2	1	3
Utilisation		(3)	–	(3)
Exchange differences		–	5	5
As at 31 December 2013		72	142	214

In accordance with its subsurface use contracts, the Group makes annual obligatory contributions to a deposit fund for the closure costs which will take effect upon exhaustion of the mineral deposits at the end of the respective mine lives, which varies between 5 and 41 years.

The amount of the provision for asset retirement obligations is determined using the nominal prices effective at the reporting dates and applying the forecasted rate of inflation for the expected period of the life of the mines. Uncertainties in estimating these costs include potential changes in regulatory requirements, decommissioning and reclamation alternatives and the level of discount and inflation rates.

31. Asset retirement obligations (continued)

Principal assumptions made in the calculations of asset retirement obligations are presented below:

					As at 31 December
		2014			2013
	Kazakhstani entities	**African entities**	Kazakhstani entities	Russian entities	African entities
Discount rate	**7.8%**	**8.0% - 15.0%**	7.4%	7.5% - 8.7%	8.0% - 13.5%
Inflation rate	**5.4% - 6.6%**	**2.8% - 8.5%**	5.8% - 8.5%	6.6% - 6.8%	2.8% - 8.5%

32. Employee benefit obligations

The Group provides long-term employee benefits to employees before, on and after retirement, in accordance with labour union agreements.

Defined benefit obligations relate to lump sum payments upon retirement and other payments to pensioners. Movements in the present value of defined benefit obligations were as follows:

In millions of US$	Note	2014	2013
Present value of unfunded defined benefit obligation as at 1 January		**32**	–
Acquisition through business combination		–	32
Disposal of subsidiary		**(1)**	–
Interest cost	17	**1**	–
Benefits paid		**(3)**	–
Current service cost		**4**	–
Actuarial gains arising from changes in demographic assumptions		**(3)**	–
Transfer to assets held for sale		**(2)**	–
Exchange differences		**(3)**	–
Present value of unfunded defined benefit obligation as at 31 December		**25**	32

The weighted average maturity of defined benefit obligations is 35 years (2013: 33 years).

32. Employee benefit obligations (continued)

Other actuarial employee benefit obligations relate to non-pensioners and include lump sum payments for anniversaries, injuries and other financial aid. Movements in the present value of other actuarial employee benefit obligations were as follows:

In millions of US$	Note	2014	2013
Present value of unfunded other actuarial employee benefit obligation as at 1 January		**43**	–
Acquisition through business combination		–	44
Disposal of subsidiary		**(3)**	–
Interest cost	17	**3**	–
Benefits paid		**(3)**	(1)
Current service cost		**1**	–
Actuarial gains		**(4)**	–
Exchange differences		**(6)**	–
Present value of unfunded other actuarial employee benefit obligation as at 31 December		**31**	43

Amounts recognised in the Consolidated income statement in respect of the employee benefit plan are as follows:

In millions of US$	Note	Year/period ended 31 December 2014	2013
Interest cost[1]	17	**4**	–
Current service cost[2]		**5**	–
Actuarial gains[2]		**(4)**	–
Expense recognised in the Consolidated income statement		**5**	–

[1] The interest cost is recognised in the finance cost line in the Consolidated income statement.
[2] The current service cost and actuarial gains are recognized in the following line items in the Consolidated income statement:

In millions of US$	Note	Year/period ended 31 December 2014	2013
Cost of sales		**3**	–
General and administrative expenses		**(2)**	–
Total expense	15	**1**	–

32. Employee benefit obligations (continued)

Principal actuarial assumptions used at the balance sheet date were as follows:

	As at 31 December			
	2014		2013	
	Defined benefit obligations	**Other actuarial employee benefit obligations**	Defined benefit obligations	Other actuarial employee benefit obligations
Discount rate	**7.7%**	**6.7%**	8.0%	7.4%
Future salary increase	**7.2%**	**7.9%**	7.4%	7.7%
Average labour turnover rate of production personnel	**5.5%**	**6.2%**	7.6%	7.2%
Average labour turnover rate of administrative personnel	**6.2%**	**7.6%**	5.5%	6.1%

Assumptions regarding future mortality are based upon advice in accordance with published statistics and experience.

The future average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date, is as follows:

	As at 31 December			
	2014		2013	
	Defined benefit obligations	Other actuarial employee benefit obligations	Defined benefit obligations	Other actuarial employee benefit obligations
Male	**16**	**12**	11	11
Female	**18**	**16**	14	15

32. Employee benefit obligations (continued)

The future average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date, is as follows:

	2014		2013	
	Defined benefit obligations	**Other actuarial employee benefit obligations**	Defined benefit obligations	Other actuarial employee benefit obligations
Male	**9**	**12**	12	12
Female	**11**	**16**	15	16

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

As at 31 December 2014

	Change in assumptions	Impact on defined benefit obligation: Increase in assumptions		Decrease in assumptions	
Discount rate	**3%**	Decrease by	**20.3%**	Increase by	**33.4%**
Salary growth rate/minimum calculation index	**1.6%/ 1.13%**	Increase by	**13.7%**	Decrease by	**10.6%**
Average labour turnover	**3%**	Decrease by	**38.3%**	Increase by	**10.0%**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the Consolidated balance sheet.

33. Trade and other payables

In millions of US$	Note	As at 31 December 2014	2013
Trade payables		**354**	489
Deferred consideration[1]		**285**	220
Payable to related parties	4	**21**	11
Distributions payable		**10**	14
Total financial liabilities		**670**	734
Accruals relating to employee entitlements		**120**	127
Advances received from customers		**62**	51
Asset retirement obligations	31	**5**	4
Payable to related parties	4	**4**	3
Other		**90**	96
Total non-financial liabilities		**281**	281
Total trade and other payables		**951**	1,015

[1] Refer to note 23 for further details.

The fair value of trade and other payables (financial liabilities) approximates their carrying amounts, as the impact of discounting is insignificant.

34. Other taxes payable

In millions of US$	As at 31 December 2014	2013
Mineral extraction tax	**24**	32
VAT payable	**23**	12
Environmental taxes	**11**	13
Social taxes	**11**	8
Employee withholding taxes	**8**	12
Import duties	**–**	3
Other taxes	**17**	7
Total other taxes payable	**94**	87

Other taxes include mining royalties, vehicle and withholding taxes, export duties and employment insurance.

35. Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk and interest rate). The Group may use derivative financial instruments to hedge foreign exchange and interest rate exposures.

Financial risk management is the responsibility of the treasury function which identifies, evaluates and, if appropriate, hedges financial risks in close cooperation with the Group's operating divisions. The Treasury Policy outlines principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and investment of excess liquidity.

Credit risk

Generally, the Group does not require collateral in respect of its trade receivables. The credit risk of the majority of the Group sales is covered by letters of credit or cash prepayments against documents.

The Group undertakes rigorous credit control procedures which are closely monitored by the CEO Marketing and CFO Marketing. These procedures are regularly reviewed in light of the limited availability of credit insurance.

The Group's policy is to invest surplus funds with good quality banks or liquidity funds. Individual counterparty exposure limits are based on entity credit ratings published by at least one of the major credit rating agencies. In some areas where the Group operates it is necessary to deal with counterparties that do not have the required credit rating as prescribed by the policy. In these cases a counterparty limit will be calculated based on detailed credit analysis of the individual counterparty. The resulting credit limits are reviewed frequently to ensure that they remain appropriate.

The Group has established relationships with a number of international and domestic banks in the areas in which the Group operates. Individual credit limits are assigned to each counterparty according to an analysis of financial strength or published credit rating. Limits and exposures to each counterparty are regularly monitored and reported at each Board meeting. During the period a mixture of bank deposits and liquidity funds were used within the Group's investment portfolio.

The Group considers its maximum exposure to credit risk related to the uncollateralised balances to be as follows:

		As at 31 December	
In millions of US$	Note	2014	2013
Cash and cash equivalents	27	**797**	478
Trade and other receivables	26	**518**	649
Other financial assets	22	**252**	289
Loans receivable	23	**102**	50
Total maximum credit risk exposure		**1,669**	1,466

35. Financial risk management (continued)

The maximum uncollateralised exposure to credit risk for cash and cash equivalents, trade and other receivables, other financial assets and loans receivable by geographic region is as follows:

	As at 31 December 2014				
In millions of US$	Cash and cash equivalents	Trade and other receivables	Other financial assets	Loans receivable	Total
Eurasia	**434**	**270**	**34**	**26**	**764**
Europe and Middle East	**295**	**120**	**2**	**65**	**482**
Africa	**46**	**49**	**171**	**11**	**276**
Asia Pacific	**2**	**70**	**–**	**–**	**72**
Rest of the World	**21**	**9**	**45**	**–**	**75**
Total	**797**	**518**	**252**	**102**	**1,669**

	As at 31 December 2013				
In millions of US$	Cash and cash equivalents	Trade and other receivables	Other financial assets	Loans receivable	Total
Eurasia	235	269	32	33	569
Europe and Middle East	156	158	16	–	330
Africa	32	44	217	17	310
Asia Pacific	–	171	–	–	171
Rest of the World	55	7	24	–	86
Total	478	649	289	50	1,466

In 2014, the top 10 customers as a proportion of the outstanding balance of the Group's trade receivables accounted for 69% (2013: 28%). Based on historical default rates, the Group believes that no impairment review is necessary in respect of trade receivables not past due by up to 60 days.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. This is achieved by a combination of producing regular cash forecasts and ensuring that either adequate cash reserves or bank facilities are in place to meet future liabilities. The Group's going concern status is discussed further in Note 1.

The following table summarises the Group's non-derivative financial assets and liabilities which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows, translated at balance sheet date exchange rates.

35. Financial risk management (continued)

Non-derivative financial assets and liabilities

		As at 31 December 2014							
In millions of US$	Note	Carrying amount	Total contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years
Borrowings	30	(7,881)	(9,437)	(2,277)	(3,548)	(1,186)	(1,334)	(157)	(935)
Trade and other payables	33	(670)	(670)	(670)	–	–	–	–	–
Other non-current liabilities[1]		(11)	(15)	–	(1)	(9)	(1)	(1)	(3)
Cash and cash equivalents	27	797	797	797	–	–	–	–	–
Trade and other receivables	26	519	519	519	–	–	–	–	–
Loans receivable	23	102	122	72	4	7	4	4	31
Other financial assets[2]	22	57	57	38	8	4	–	7	–
Net position		(7,087)	(8,627)	(1,521)	(3,537)	(1,184)	(1,331)	(147)	(907)

		As at 31 December 2013							
In millions of US$	Note	Carrying amount	Total contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years
Borrowings	30	(7,566)	(9,245)	(1,582)	(1,236)	(3,802)	(467)	(1,204)	(954)
Trade and other payables	33	(735)	(735)	(735)	–	–	–	–	–
Other non-current liabilities[1]		(4)	(4)	–	(2)	–	–	(1)	(1)
Cash and cash equivalents	27	478	478	478	–	–	–	–	–
Trade and other receivables	26	649	649	649	–	–	–	–	–
Loans receivable	23	50	55	14	7	14	5	5	10
Other financial assets[2]	22	50	46	34	11	–	–	1	–
Net position		(7,078)	(8,756)	(1,142)	(1,220)	(3,788)	(462)	(1,199)	(945)

[1] The other non-current liabilities total presented on the Consolidated balance sheet include US$12 million of provisions and guarantees with no contractual cash flows (2013: US$14 million).

[2] The other financial assets (non-current and current) totals presented on the Consolidated balance sheet includes US$163 million of investment in quoted equity shares with no contractual cash flows (2013: US$207 million), derivative financial assets of nil (2013: US$2 million), and restricted cash held for asset retirement obligations of US$32 million (2013: US$30 million).

35. Financial risk management (continued)

Foreign currency risk

The majority of the Group's production costs are denominated in Kazakhstani tenge (KZT), Russian roubles (RUB) and US dollars (US$) while the majority of sales are denominated in US dollars (US$). The Group is therefore exposed to the risk that movements in exchange rates will affect both its operating profit and cash flows. The Group may enter into derivative financial instruments to hedge part or all of these risks.

The Group's foreign currency exposure arises from:

- Highly probable forecast transactions (sales/purchases) denominated in foreign currencies; and
- Monetary items (mainly intercompany receivables, payables and borrowings) denominated in foreign currencies.

The table below summarises the foreign currency exposure on the net monetary position of each Group entity against its respective functional currency, expressed in the Group's presentation currency.

In millions of US$	KZT	US$	RUB	EUR	GBP	ZAR	Other[2]
As at 31 December 2014							
Kazakhstani entities (KZT)	**n/a**	**947**	**10**	**(54)**	**–**	**–**	**2**
Marketing and holding entities (US$)	**–**	**n/a**	**501**	**(21)**	**(47)**	**163**	**–**
UK management entities (GBP)	**–**	**179**	**–**	**–**	**n/a**	**4**	**–**
African entities (primarily US$)[1]	**–**	**(202)**	**–**	**–**	**(23)**	**61**	**51**
Brazilian entities (BRL)	**–**	**(264)**	**–**	**–**	**–**	**–**	**–**
Net monetary asset/(liability) position	**–**	**660**	**511**	**(75)**	**(70)**	**228**	**53**
As at 31 December 2013							
Kazakhstani entities (KZT)	n/a	498	(3)	(271)	–	–	–
Marketing and holding entities (US$)	–	n/a	15	(312)	(35)	207	16
Marketing Russian entities (RUB)	(1)	33	n/a	–	–	–	–
UK management entities (GBP)	–	61	–	15	n/a	5	–
Russian Serov entities (RUB)	–	27	n/a	–	–	1	–
African entities (primarily US$)[1]	–	(157)	–	–	(119)	(8)	(17)
Brazilian entities (BRL)	–	(261)	–	–	–	–	–
Net monetary asset/(liability) position	(1)	201	12	(568)	(154)	205	(1)

[1] US$ balances against African entities represents US$ balances in non US$ functional currency entities.
[2] The other currency total of US$53 million in 2014 is primarily comprised of Canadian dollar.

Intercompany balances are included to fully reflect the Group's exposure to foreign currency risk. The principal exchange rate used for the Kazakhstani tenge and Russian rouble are presented in note 1.

35. Financial risk management (continued)

As at 31 December 2014, based on the net monetary position as set out in the previous table, they sensitivity to a reasonable possible change in the US dollar exchange rate of the Group's profit before tax is as follows:

If the US dollar had strengthened/weakened by 20% against KZT with all other variables held constant, the recalculated profit for the year would have been US$189 million higher/lower (2013: US$100 million higher/lower based on 20%), mainly as a result of foreign exchange gains/losses on translation of US dollar denominated cash and cash equivalents, trade receivables and loans receivable and foreign exchange losses/gains on translation of US dollar denominated trade payables and borrowings.

If the US dollar had strengthened/weakened by 30% against RUB with all other variables held constant, the recalculated profit for the year would have been US$150 million lower/higher (2013 US$1 million lower/higher based on 5%), mainly as a result of foreign exchange losses/gains on translation of RUB denominated loans receivable.

The Group does not consider the sensitivity to a reasonable possible change in the US dollar exchange rate (5%) against the EUR, GBP, ZAR and other currencies to be significant.

35. Financial risk management (continued)

Interest rate risk

The Group has financial assets and liabilities which are exposed to changes in market interest rates. These assets and liabilities are exposed to fair value interest rate risk or cash flow interest rate risk depending on whether they are subject to fixed or floating rates of interest.

The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters. The Group's policy is to maintain a balance between fixed and floating interest rate risks. This is principally achieved by using a mix of fixed and floating interest rate borrowings or if necessary, entering into derivative financial instruments to manage the interest rate of the debt portfolio. The Group's significant interest bearing assets and liabilities are as follows:

		As at 31 December 2014			
In millions of US$	Note	Fixed rate	Floating rate	Non-interest bearing	Total
Cash and cash equivalents	27	**425**	**282**	**90**	**797**
Trade and other receivables	26	**18**	**10**	**489**	**517**
Loans receivable	23	**29**	–	**73**	**102**
Assets		**472**	**292**	**652**	**1,416**
Borrowings	30	**(3,480)**	**(4,393)**	**(8)**	**(7,881)**
Liabilities		**(3,480)**	**(4,393)**	**(8)**	**(7,881)**
Net position		**(3,008)**	**(4,101)**	**644**	**(6,465)**
Effect of a 1% increase in interest rates on profit before income tax		**n/a**	**(41)**	**n/a**	**(41)**

		As at 31 December 2013			
In millions of US$	Note	Fixed rate	Floating rate	Non-interest bearing	Total
Cash and cash equivalents	27	239	157	82	478
Trade and other receivables	26	13	8	628	649
Loans receivable	23	42	–	8	50
Assets		294	165	718	1,177
Borrowings	30	(3,208)	(4,351)	(7)	(7,566)
Liabilities		(3,208)	(4,351)	(7)	(7,566)
Net position		(2,914)	(4,186)	711	(6,389)
Effect of a 1% increase in interest rates on profit before income tax		n/a	(42)	n/a	(42)

As shown above the impact on profit before income tax of a 1% increase in interest rates would be a US$44 million decrease in profit before income tax (2013: US$42 million decrease) with an equal but opposite effect if interest rates decreased by 1%. The US$44 million profit before income tax increase (2013: US$42 million decrease in profit before tax) is entirely attributable to cash flow risk (floating rate interest) as the Group does not re-measure fixed rate financial assets and liabilities to fair value.

The impact on equity is the same as the impact on income. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

35. Financial risk management (continued)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure compliance with financial covenants attached to its interest-bearing borrowings that form part of its capital structure (refer to 'Going concern basis' in note 1).

The key ratios monitored for covenant compliance are:

- Net debt to EBITDA of 3.84
- EBITDA to finance charges of 3.11
- Net debt to tangible net worth of 1.07

As at 31 December 2014 and 31 December 2013 the Group was in compliance with all required covenants, or if not, appropriate waiver letters were obtained.

The Group considers the following balances as a part of its capital management:

In millions of US$	Note	As at 31 December 2014	2013 As restated [2]
Borrowings	30	**7,881**	7,566
Capital reserves	29	**3,159**	3,159
Reserves[1]		**3,647**	5,114
Total capital		**14,687**	15,839

[1] Reserves include retained earnings, translation reserve, revaluation reserve of financial assets available-for-sale and other reserves.
[2] See note 5 business combination for further details regarding restatements.

The Group manages its capital structure in light of changes in economic conditions and compliance with financial covenants. In order to maintain or adjust the capital structure, the Group may adjust the amount of returned capital to shareholders, issue new shares or sell assets to manage its debt level.

The Group currently has credit ratings of B3 with Moody's (2013: B2) and B- with Standard & Poor's (2013: B) with both ratings on a negative outlook. The downgrades in credit rating took place on 27 August 2014 and 25 November 2014, respectively. It is possible that these credit ratings could restrict the Group's access to future sources of debt.

35. Financial risk management (continued)

Fair value of financial instruments

In determining fair value of financial instruments the Group uses its judgment to select a variety of methods and to verify assumptions that are mainly based on market conditions existing at each balance sheet date, as well as obtaining fair value measurements from other parties.

For the financial instruments measured on the Consolidated balance sheet at fair value, the Group has adopted the following fair value measurement hierarchy:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of financial instruments traded in the active market is based on quoted market prices at the balance sheet date. These instruments are included in level 1. As of 31 December 2014 and 2013, the Group's available-for-sale financial assets (note 22) are included in level 1 of the hierarchy.

As of 31 December 2014 and 2013, the Group did not hold financial instruments that are included in level 2 or 3 of the hierarchy.

Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

The fair value of borrowings and loans receivable are set out in notes 30 and 23 respectively. These items are carried on the Consolidated balance sheet at amortised cost, the fair values disclosed in notes 30 and 23 are measured by discounting the estimated cash flows with an applicable yield determined by level 2 techniques.

The fair value of financial instruments carried at amortised cost are based upon expected cash flows discounted at prevailing interest rates for new instruments with a similar credit risk and maturity.

36. Auditor's remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's external auditor as detailed below:

In millions of US$	Year/period ended 31 December 2014	2013
Fees payable to the Company's auditor for the audit of the Parent Company and Consolidated financial statements	**2.5**	2.4
The auditing of accounts of any associate of the Company	**3.3**	4.0
Audit-related assurance services	**0.1**	–
Taxation advisory services	**0.2**	–
Other assurance services	–	–
Services relating to corporate finance transactions entered into, or proposed to be entered into, by or on behalf of the Company or any of its associates	–	–
All other non-audit services	**1.0**	–
Total	**7.1**	6.4

37. Devaluation of the Kazakhstani tenge

In February 2014, the Kazakhstani tenge was devalued by around 19% to approximately KZT185/US$1. A substantial proportion of the Group's costs in Kazakhstan are in tenge. A net foreign exchange gain of US$66 million arose in February 2014, consisting of a foreign exchange gain on US$ denominated working capital balances held by subsidiaries with the tenge as their functional currency, partially offset by a foreign exchange loss on the onerous contract provision. This net foreign exchange gain is included within operating profit in the Consolidated income statement and was deducted for the purpose of calculating Underlying EBITDA (refer to note 40).

A significant portion of the currency translation differences of US$1,931 million included in the Consolidated statement of comprehensive income, arose on the translation of property, plant and equipment denominated in tenge (also refer to note 19).

Refer to note 1 for the relevant exchange rates used.

38. Commitments

Capital expenditure commitments

In millions of US$	As at 31 December 2014	2013
Property, plant and equipment	**357**	515

Operating leases

The table below sets out minimum payments for aggregate future minimum lease payments:

In millions of US$	As at 31 December 2014	2013
Less than 1 year	**9**	10
Between 1 and 2 years	**4**	10
Between 2 and 3 years	**4**	4
Between 3 and 4 years	**4**	2
Between 4 and 5 years	**4**	2
After 5 years	**13**	24
Total	**38**	52

Rental expenses relating to the operating leases of mining facilities and administrative facilities are recognised in 'cost of sales' and 'general and administrative expenses' respectively within the Consolidated income statement.

Assets pledged and restricted

The Group has the following assets pledged as collateral:

		As at 31 December			
		2014		2013	
In millions of US$	Note	**Asset pledged**	**Related liability**	Asset pledged	Related liability
Long-term deposits and restricted cash		**34**	–	21	–
Short-term deposits		–	–	16	–
Restricted cash	26	**13**	–	9	–
Total assets pledged and restricted		**47**	–	46	–

In addition, there is a pledge over the shares of Kazakhstan Aluminium Smelter JSC as detailed in note 30 (h).

39. Contingencies

Regulatory matters

Between 2011 and 2013, ENRC was engaged in an internal investigation into certain matters, including allegations around its operations and assets in, and transactions involving, Kazakhstan and Africa (in particular, the DRC). Throughout that period, ENRC voluntarily provided the Serious Fraud Office ('SFO') with a considerable amount of information resulting from this investigation. In late April 2013, the SFO decided to open a formal investigation into ENRC. The SFO has recently confirmed that it is no longer "actively investigating" the Company's operations in Kazakhstan. The SFO have not indicated to ENRC the precise scope of their investigation into Africa. ENRC is represented by specialist external counsel. The investigation is continuing.

Bahia Minerals BV deferred consideration

In September 2010, ENRC N.V. (a Group company) acquired from Ardila Investments N.V. ('Ardila') the 50% of Bahia Minerals B.V. ('BMBV') that it did not already own under a Share Purchase Agreement (the 'SPA'). BMBV owns the Pedra de Ferro iron ore mine in Bahia province, Brazil. The payment terms in the SPA stipulated that part of the consideration was to be paid in instalments. On 8 March 2013, the parties to the SPA agreed to, inter alia, amend the payment terms relating to the BMBV acquisition. Under the amended payment terms:

- ENRC N.V. loaned US$65 million to Ardila which was to be repayable on the earlier of the issuance of a port installation licence for the private terminal port at Porto Sul in Ilheus, Brazil (the 'Port Installation Licence') or 1 June 2014 (later extended to 1 July 2014); and
- The final instalment payment of US$285 million was to be payable on the later of the issuance of the Port Installation Licence or 31 May 2014 (subject to the Port Installation Licence being issued on or before a longstop date of 21 September 2014, after which, the final instalment would not be payable).

On 30 June 2014, Ardila filed a claim against ENRC N.V. in the Commercial Court in London in connection with the SPA (the 'English Proceedings'). Ardila alleges that the final instalment payment under the SPA has been triggered by the issuance of certain licences relating to the Pedra de Ferro mine and by the purported subsequent issuance of the Port Installation Licence on 19 September 2014, with the result that US$220 million is now claimed to be payable by ENRC to Ardila, plus interest and costs. The Group strongly rejects Ardila's claim as the licence that was purportedly issued is not sufficient so as to satisfy the conditions required by the SPA and has filed a robust defence. The proceedings are on-going.

The Group is also counterclaiming against Ardila and its guarantor, Zamin Ferrous Limited ('Zamin') for the repayment of the US$65 million loan made to Ardila in March 2013. In a judgment given by the English High Court on 11 June 2015, ENRC obtained judgment against Ardila and Zamin in the full amount of US$65 million plus interest on a summary basis because the court found that Ardila and Zamin had no real prospect of defending ENRC's counterclaim at trial. That sum is to be paid to ENRC's lawyers to be held for ENRC's benefit pending the resolution of Ardila's claim. The court also ordered Ardila to pay GBP1 million into court as security for ENRC's costs of the English Proceedings.

In connection with the English Proceedings, Ardila applied to the Dutch court, without notice to the Group, for attachment orders over the shares and intercompany receivables of four Dutch subsidiary companies of ENRC N.V., which the Dutch court granted on 13 August 2014 (the 'Attachment Order'). ENRC N.V. subsequently applied to the Dutch court to have the Attachment Order lifted, but such application was denied.

39. Contingencies (continued)

The Attachment Order is conservatory in nature and no enforcement action can currently be taken against the attached assets. The Group is considering various options to lift the Attachment Order. Appeal proceedings have already been initiated, but were stayed pending settlement discussions with Ardila. Considering the judgment rendered by the English High Court on 11 June 2015, the appeal proceedings will soon be reactivated.

In addition to the Attachment Order, Ardila has threatened to file for the bankruptcy of ENRC N.V. Although ENRC N.V. is confident that no bankruptcy proceedings can be opened against it, because it is not in a position that it has ceased paying its debts when they fall due, it cannot be excluded that Ardila will submit a bankruptcy petition to the Dutch court in relation to ENRC N.V. The effects of such bankruptcy petition on the four Dutch subsidiary companies of ENRC N.V. are limited, although it could mean that – in case bankruptcy proceedings would be opened against ENRC N.V. – the shares in each of the four Dutch subsidiary companies would have to be transferred.

Chambishi VAT assessment

The Group is routinely subject to tax audits by the Zambia Revenue Authorities ('ZRA') and received tax assessments currently still being discussed and at various stages of progress with the ZRA. The outcome of these audits and assessments is uncertain. However, the Group has appealed against the various matters under review and is confident of its position, with no provision against additional tax considered necessary.

40. Reconciliation of non-GAAP measures

1. Underlying EBIT and EBITDA

In millions of US$ (unless stated otherwise)	Note	Year/period ended 31 December 2014	2013 As restated[3]
Profit for the year/period		**162**	5,444
Adjustments for:			
Finance cost	17	**796**	113
Income tax expense	18	**213**	19
Utilisation of inventory held at fair value[1]		**204**	187
Restructuring costs		**22**	–
Impairments	10	**102**	
Share of loss of joint ventures	21	**3**	–
Non-recurring items – operating	11	**1**	145
Non-recurring items – financing	11	**–**	1
Net gain arising from business combinations	5	**–**	(5,710)
Finance income	16	**(66)**	(10)
Net gain on Kazakhstani tenge devaluation	37	**(66)**	–
Gain on disposal of subsidiary	13	**(96)**	–
Net change in onerous contract provision	10	**(289)**	(32)
Underlying EBIT		**986**	157
Add back:			
Depreciation and amortisation		**861**	138
Underlying EBITDA[2]		**1,847**	295

[1] Utilisation of inventory held at fair value on acquisition of ENRC (see note 5). 2013 comparative Underlying EBIT and Underlying EBITDA have been restated to exclude the impact in the prior period.

[2] Underlying EBITDA: Profit for the period before finance income, finance cost, income tax expense, onerous contract provision, depreciation, amortisation, non-recurring items, utilisation of inventory held at fair value, restructuring costs, share of loss of joint ventures, net gain arising from business combinations, net gain on Kazakhstani tenge devaluation and gain on disposal of subsidiary.

[3] See Note 5 for further details regarding restatements.

40. Reconciliation of non-GAAP measures (continued)

2. Gross available funds and net debt

In millions of US$		Year/period ended 31 December 2014	2013
Gross available funds			
Cash and cash equivalents	27	**797**	478
Term deposits (included in trade and other receivables)	26	**17**	13
Total other financial assets	22	**252**	289
Less:			
Investment in Northam Platinum Limited	22	**(163)**	(205)
Other financial assets (current and non-current)		**(67)**	(54)
Total gross available funds		**836**	521
Net debt			
Cash and cash equivalents	27	**797**	478
Borrowings – current	30	**(1,805)**	(895)
Borrowings – non-current	30	**(6,076)**	(6,671)
Total net debt		**(7,084)**	(7,088)

41. Principal subsidiaries

The Group comprises a large number of companies and it is not practical to include all of them in a list in these Consolidated financial statements. Therefore, the Group discloses only those companies that have a more significant impact on the profit or assets of the Group. A full list of companies is filed along with these Consolidated financial statements to Registre de Commerce et des Sociétés in Luxembourg.

						As at 31 December 2014
Subsidiary	Principal activity	Country of incorporation	Proportion of ordinary shares held by the Parent Company (%)	Effective proportion of ordinary shares held by the Group (%)	Effective proportion of ordinary shares held by non-controlling interests (%)	Proportion of preference shares held by the Group (%)
SSGPO JSC ('SSGPO')	Mining and processing	Kazakhstan	–	99.81	0.19	81.32
Shubarkol Komir JSC	Mining and processing	Kazakhstan	–	99.81	0.19	–
TNC Kazchrome JSC	Mining and processing	Kazakhstan	–	99.37	0.63	86.36
Aluminium of Kazakhstan JSC	Mining and processing	Kazakhstan	–	97.93	2.07	82.65
Frontier SPRL	Mining and processing	DRC	–	94.82	5.18	–
Boss Mining SPRL	Mining and processing	DRC	–	69.87	30.13	–
La Congolaise de Mines et de Developpement (Comide SPRL)	Mining	DRC	–	99.81	0.19	–
Kazakhstan Aluminium Smelter JSC	Metals Processing	Kazakhstan	–	99.81	0.19	–
Roan Prospecting and Mining SPRL	Metals Processing	DRC	–	99.81	0.19	–
Sary-Arka Spetskoks LLP	Metals Processing	Kazakhstan	–	99.81	0.19	–
Serov Ferroalloy Plant JSC	Metals Processing	Russian Federation	–	99.81	0.19	–
Chambishi Metals PLC	Metals Processing	Zambia	–	89.83	10.17	–
Eurasian Energy Corporation JSC	Power Generation	Kazakhstan	–	99.81	0.19	76.52
Bahia Mineração Ltda	Mineral Exploration	Brazil	–	99.81	0.19	–
Mineração Minas Bahia SA	Mineral Exploration	Brazil	–	99.81	0.19	–
Mineração Peixe Bravo SA	Mineral Exploration	Brazil	–	99.81	0.19	–
Dezita SPRL	Mineral Exploration	DRC	–	99.81	0.19	–
ENRC Mozambique Limitada	Mineral Exploration	Mozambique	–	99.81	0.19	–
ENRC Manganese (Pty) Limited	Mineral Exploration	South Africa	–	73.86	26.14	–
Treatment of Kingamyambo Tailings Company ('Metalkol')	Mineral Exploration	DRC	–	69.87	30.13	–
Todal Mining (Pvt) Limited	Mineral Exploration	Zimbabwe	–	59.89	40.11	–
Swanmines SPRL	Mineral Exploration	DRC	–	47.71	52.29	–
Congo Cobalt Corporation SPRL	Mining Contracting Services	DRC	–	99.81	0.19	–
MEK Transsystema LLP	Transportation	Kazakhstan	–	99.81	0.19	–
TransCom LLP	Transportation	Kazakhstan	–	99.81	0.19	–
ENRC Logistics LLP	Transportation	Kazakhstan	–	99.81	0.19	–
Sabot Management Holdings Limited	Transportation	Seychelles	–	99.81	0.19	–
Sabot Holdings SA (Pty) Limited	Transportation	South Africa	–	99.81	0.19	–
ENRC Marketing AG	Sales & Marketing	Switzerland	–	99.81	0.19	–
ENRC Marketing Africa AG	Sales & Marketing	Switzerland	–	99.81	0.19	–
ENRC Marketing LLP	Sales & Marketing	Kazakhstan	–	99.81	0.19	–
ENRC Marketing LLC	Sales & Marketing	Russian Federation	–	99.81	0.19	–
Africo Resources Limited	Holding Company	Canada	–	63.58	36.42	–
Bahia Minerals BV	Holding Company	Netherlands	–	99.81	0.19	–
Camrose Resources Limited	Holding Company	British Virgin Islands ('BVI')	–	99.81	0.19	–
Enya Holding BV	Holding Company	Netherlands	–	99.81	0.19	–
ENRC NV	Holding Company	Netherlands	–	99.81	0.19	–
ENRC Africa BV	Holding Company	Netherlands	–	99.81	0.19	–
Rubic Holdings Limited	Holding Company	BVI	–	99.81	0.19	–

41. Principal subsidiaries (continued)

			As at 31 December 2014			
Subsidiary	Principal activity	Country of incorporation	Proportion of ordinary shares held by the Parent Company (%)	Effective proportion of ordinary shares held by the Group (%)	Effective proportion of ordinary shares held by non-controlling interests (%)	Proportion of preference shares held by the Group (%)
ENRC Limited	Holding Company	United Kingdom	–	99.81	0.19	–
ENRC Kazakhstan LLP	Group Managing Company	Kazakhstan	–	99.81	0.19	–
ENRC Management (UK) Limited	Group Managing Company	United Kingdom	–	99.81	0.19	–
Corporate Fund ENRC Komek	Charitable Foundation	Kazakhstan	–	99.81	0.19	–
ENRC Finance Limited	Treasury & Holding Company	United Kingdom	–	99.81	0.19	–
Eurasian Group LLP	Group Managing Company	Kazakhstan	100.00	–	–	–
ERG BV	Holding Company	Netherlands	100.00	–	–	–

On 11 December 2014, the Group sold its subsidiary Zhairemsky GOK JSC (refer to note 13 for more details).

Financial information of subsidiaries that have material non-controlling interests is provided below.

Proportion of equity held by non-controlling interests (%)

Subsidiary	Country of incorporation	As at 31 December 2014	2013
Frontier SPRL	DRC	**5.18**	5.18
Africo Resources Limited	Canada	**36.42**	36.42
Boss Mining SPRL	DRC	**30.13**	30.13
Treatment of Kingamyambo Tailings Company ('Metalkol')	DRC	**30.13**	30.13
Swanmines SPRL	DRC	**52.29**	52.29
Aluminium of Kazakhstan JSC	Kazakhstan	**3.49**	3.49
TNC Kazchrome JSC	Kazakhstan	**1.88**	1.88
SSGPO JSC ('SSGPO')	Kazakhstan	**2.04**	2.04
Eurasian Energy Corporation JSC	Kazakhstan	**1.78**	1.78
Shubarkol Komir JSC	Kazakhstan	**3.86**	3.86
Chambishi Metals PLC	Zambia	**10.17**	10.17
Todal Mining (Pvt) Limited	Zimbabwe	**40.11**	40.11

41. Principal subsidiaries (continued)

Accumulated balances of material non-controlling interest in net assets/(liabilities)

In millions of US$	As at 31 December 2014	2013
Frontier SPRL	**21**	22
Africo Resources Limited	**37**	39
Boss Mining SPRL	**(291)**	(292)
Treatment of Kingamyambo Tailings Company ('Metalkol')	**378**	411
Swanmines SPRL	**13**	14
Aluminium of Kazakhstan JSC	**(10)**	(19)
TNC Kazchrome JSC	**93**	85
SSGPO JSC ('SSGPO')	**82**	77
Eurasian Energy Corporation JSC	**18**	19
Shubarkol Komir JSC	**26**	26
Chambishi Metals PLC	**(24)**	(18)
Todal Mining (Pvt) Limited	**(40)**	(37)

Profit/(loss) allocated to material non-controlling interest

In millions of US$	Year/period ended 31 December 2014	2013
Frontier SPRL	**(2)**	1
Africo Resources Limited	**(2)**	(1)
Boss Mining SPRL	**1**	(4)
Treatment of Kingamyambo Tailings Company ('Metalkol')	**(21)**	–
Swanmines SPRL	**(1)**	–
Aluminium of Kazakhstan JSC	**9**	–
TNC Kazchrome JSC	**8**	(1)
SSGPO JSC ('SSGPO')	**5**	1
Eurasian Energy Corporation JSC	**(1)**	–
Shubarkol Komir JSC	**1**	–
Chambishi Metals PLC	**(6)**	(1)
Todal Mining (Pvt) Limited	**(3)**	–

41. Principal subsidiaries (continued)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Summarised balance sheet

As at 31 December 2014

In millions of US$	Current assets	Current liabilities	Total current net assets/ (liabilities)	Non-current assets	Non-current liabilities	Total non-current net assets/ (liabilities)	Net assets
Frontier SPRL	126	(55)	71	846	(520)	326	397
Africo Resources Limited	103	(1)	102	–	–	–	102
Boss Mining SPRL	141	(43)	98	77	(1,136)	(1,059)	(961)
Treatment of Kingamyambo Tailings Company ('Metalkol')	12	–	12	2,538	(1,283)	1,255	1,267
Swanmines SPRL	–	(50)	(50)	106	(32)	74	24
Aluminium of Kazakhstan JSC	96	(77)	19	282	(485)	(203)	(184)
TNC Kazchrome JSC	1,462	(203)	1,259	3,916	(896)	3,020	4,279
SSGPO JSC ('SSGPO')	1,025	(164)	861	3,042	(417)	2,625	3,486
Eurasian Energy Corporation JSC	53	(140)	(87)	1,383	(271)	1,112	1,025
Shubarkol Komir JSC	74	(28)	46	949	(337)	612	658
Chambishi Metals PLC	56	(92)	(36)	99	(246)	(147)	(183)
Todal Mining (Pvt) Limited	2	(2)	–	(39)	(16)	(55)	(55)

As at 31 December 2013

In millions of US$	Current assets	Current liabilities	Total current net assets/ (liabilities)	Non-current assets	Non-current liabilities	Total non-current net assets/ (liabilities)	Net assets
Frontier SPRL	130	(77)	53	833	(455)	378	431
Africo Resources Limited	107	–	107	–	–	–	107
Boss Mining SPRL	129	(42)	87	61	(1,112)	(1,051)	(964)
Treatment of Kingamyambo Tailings Company ('Metalkol')	5	–	5	2,020	(661)	1,359	1,364
Swanmines SPRL	–	(48)	(48)	106	(32)	74	26
Aluminium of Kazakhstan JSC	111	(259)	(148)	315	(697)	(382)	(530)
TNC Kazchrome JSC	1,051	(255)	796	4,645	(915)	3,730	4,526
SSGPO JSC ('SSGPO')	707	(147)	560	3,814	(553)	3,261	3,821
Eurasian Energy Corporation JSC	58	(116)	(58)	1,639	(323)	1,316	1,258
Shubarkol Komir JSC	50	(41)	9	1,153	(399)	754	763
Chambishi Metals PLC	75	(52)	23	111	(260)	(149)	(126)
Todal Mining (Pvt) Limited	1	(40)	(39)	(39)	(16)	(55)	(94)

41. Principal subsidiaries (continued)

Summarised income statement

Year ended 31 December 2014

In millions of US$	Revenue	Profit/ (loss) before income tax	Income tax	Post-tax profit/ (loss) from continuing operations	Other comprehensive income/ (expense)	Total comprehensive income/ (expense)	Total comprehensive income/ (expense) allocated to non-controlling interests	Dividends paid to non-controlling interests
Frontier SPRL	367	(33)	(2)	(35)	–	(35)	(2)	–
Africo Resources Limited	–	(5)	–	(5)	–	(5)	(2)	–
Boss Mining SPRL	389	34	(31)	3	5	8	2	–
Treatment of Kingamyambo Tailings Company ('Metalkol')	–	(69)	–	(69)	–	(69)	(21)	–
Swanmines SPRL	–	(2)	–	(2)	–	(2)	(1)	–
Aluminium of Kazakhstan JSC	454	279	(12)	267	77	344	12	–
TNC Kazchrome JSC	1,848	585	(99)	486	(720)	(234)	(4)	–
SSGPO JSC ('SSGPO')	1,114	294	(24)	270	(612)	(342)	(7)	–
Eurasian Energy Corporation JSC	379	(78)	22	(56)	(203)	(259)	(5)	–
Shubarkol Komir JSC	188	45	(30)	15	(121)	(106)	(4)	–
Chambishi Metals PLC	290	(60)	1	(59)	2	(57)	(6)	–
Todal Mining (Pvt) Limited	–	(8)	–	(8)	–	(8)	(3)	–

Period ended 31 December 2013

In millions of US$	Revenue	Profit/ (loss) before income tax	Income tax	Post-tax profit/ (loss) from continuing operations	Other comprehensive income/ (expense)	Total comprehensive income/ (expense)	Total comprehensive income/ (expense) allocated to non-controlling interests	Dividends paid to non-controlling interests
Frontier SPRL	69	15	(4)	11	–	11	1	–
Africo Resources Limited	–	(4)	–	(4)	–	(4)	(1)	–
Boss Mining SPRL	65	(11)	(2)	(13)	–	(13)	(4)	–
Treatment of Kingamyambo Tailings Company ('Metalkol')	–	(1)	–	(1)	–	(1)	–	–
Swanmines SPRL	–	(1)	–	(1)	–	(1)	–	–
Aluminium of Kazakhstan JSC	82	4	6	10	(2)	8	–	–
TNC Kazchrome JSC	317	(82)	22	(60)	22	(38)	(1)	–
SSGPO JSC ('SSGPO')	262	67	(15)	52	18	70	1	–
Eurasian Energy Corporation JSC	73	1	(1)	–	6	6	–	–
Shubarkol Komir JSC	45	17	(9)	8	4	12	–	–
Chambishi Metals PLC	44	(6)	–	(6)	–	(6)	(1)	–
Todal Mining (Pvt) Limited	–	(1)	–	(1)	–	(1)	–	–

41. Principal subsidiaries (continued)

Summarised cash flows

	Year ended 31 December 2014				Period ended 31 December 2013			
In millions of US$	Operating	Investing	Financing	Net increase/ (decrease) in cash and cash equivalents	Operating	Investing	Financing	Net increase/ (decrease) in cash and cash equivalents
Frontier SPRL	75	(125)	62	12	6	(28)	22	–
Africo Resources Limited	(2)	(17)	(2)	(21)	(1)	4	–	3
Boss Mining SPRL	52	(13)	(26)	13	2	(7)	3	(2)
Treatment of Kingamyambo Tailings Company ('Metalkol')	(21)	(5)	24	(2)	(4)	(15)	19	–
Swanmines SPRL	(2)	–	2	–	–	–	–	–
Aluminium of Kazakhstan JSC	34	(41)	11	4	(11)	(9)	18	(2)
TNC Kazchrome JSC	537	(540)	30	27	98	(55)	(44)	(1)
SSGPO JSC ('SSGPO')	501	(507)	(4)	(10)	99	(39)	(61)	(1)
Eurasian Energy Corporation JSC	172	(152)	(6)	14	25	(27)	1	(1)
Shubarkol Komir JSC	79	(80)	(11)	(12)	13	(5)	(10)	(2)
Chambishi Metals PLC	5	(8)	–	(3)	2	(2)	–	–
Todal Mining (Pvt) Limited	(7)	–	7	–	(1)	–	1	–

42. Events after balance sheet date

Supply agreement with Magnitogorsk Iron and Steel Works OJSC (MMK)
On 20 January 2015 the Group entered into agreement with Magnitogorsk Iron and Steel Works OJSC (MMK) to supply iron ore materials for a total volume of 22,655,000 MT until 31 December 2017 for approximately US$1,400 million.

Pushdown of existing Sberbank facilities
At 31 December 2014, the Group had drawn down US$2,405 million under two facilities with Sberbank of Russia (term loan facility of US$2,000 million and term loan facility of US$500 million). The term loan facility of US$2,000 million bears an interest rate of LIBOR plus 6.80%, with an increase of margin to 7.30% in October 2014, and is repayable in January 2017. The term loan facility of US$500 million bears an interest rate of LIBOR plus 7.25% with a possible increase of margin to 8.25% under certain circumstances and is repayable in June 2018. ENRC Limited is the borrower under both agreements.

On 15 September 2014, an agreement was signed with Sberbank of Russia to push down the existing facilities into JSC TNC Kazchrome and SSGPO JSC. Subsequently on 10 April 2015 similar agreement was signed with Sberbank Kazakhstan. The term loan facilities are for a total of US$2,220 million; bear interest at 7.15%, with a possible increase to 7.4% in certain circumstances; and are repayable 42 months from signing date. The loans are secured by guarantees issued by ERG, Eurasian Resources Group B.V., SSGPO JSC, JSC TNC Kazchrome, Aluminium of Kazakhstan JSC, Eurasian Energy Corporation JSC and Shubarkol Komir JSC.

The pushdown of the existing Sberbank facilities into SSGPO JSC and JSC TNC Kazchrome was completed in May 2015.

In March 2015 the Group has fully repaid the original US$500 million facility and in April 2015 the Group has fully repaid the original US$2,000 million facility.

Sale of Northam Platinum Ltd shares
On 17 March 2015 the Group sold the shares held in Northam Platinum Ltd for cash proceeds of US$202 million, with a resulting loss of $14 million recorded.

Prepayment of VTB Backstop Credit Facility
On 30 March 2015 the Group made a US$51 million prepayment of the VTB Backstop Credit Facility from the proceeds of the Northam Platinum Ltd disposal.

Disposal of Serov Group of companies
On 1 April 2015 the Group completed the disposal of its entire shareholding in Serov Ferroalloy Plant JSC and Saranovskaya Mine Rudnaya (Serov) for a total consideration of approximately US$277 million, US$153 million of which was received in cash and the remaining consideration is payable in installments until 2020. Simultaneously, the Group entered into an agreement with the purchaser of Serov to supply chrome ore for a total volume of 2,500,000 MT until 2020 for approximately US$225 million. US$113 million was received as a prepayment under this contract, with the remainder payable on supply.

42. Events after balance sheet date (continued)

Russian Commercial Bank (Cyprus) Limited (part of the VTB Group)
On 9 April 2015 a loan facility with Russian Commercial Bank (Cyprus) for US$1,000 million has been amended to extend Tranche A for US$500 million until March 2017. The Tranche A interest rate has increased to 10%. If the Group's credit rating falls below B - (B3), the interest rate for both tranches will increase by 0.5%.

Export Credit Facility ('ECA Facility')
On 23 June 2015 an agreement has been signed relating to the ECA facility originally dated 21 December 2012. The agreement amends the prepayment rights to the earlier of either 30 days after 30 November 2015, or the date that the facility is fully drawn down.

VTB Backstop Credit Facility
On 26 June 2015 the availability period of the VTB Backstop Credit Facility for US$1,000 million was extended to 30 May 2016.

Subsidiaries and Joint Ventures relating to Eurasian Resources Group S.à r.l.

Included in the consolidation of Eurasian Resources Group S.à r.l. for the year ended 31 December 2014

Subsidiary Name	Registered Address	Proportion of capital held
Africa Technical Services Limited	Registered Office: Suite 2004 Level 2, Alexander House, 35 Cybercity, Ebene, Mauritius	99.81%
Africo Resources Limited	1111 West Georgia Street, Vancouver, British Columbia, V6E 4M3 Canada	63.58%
AktobePromTrans LLP	Legal address: Kazakhstan, 030015, Aktobe city np. 312 Strelkovoy Devizii , North-West Industrial Zone.	99.81%
Aluminium of Kazakhstan JSC	140013, Republic of Kazakhstan, Pavlodar region, Pavlodar	96.51%
Amalahle Resources (Pty) Limited	Registered Address: The Reserve, 54 Melville Road, Illovo, Johannesburg, 2196	73.86%
ASEK Reinsurance AG	c/o MARSH MANAGEMENT SERVICES LUXEMBOURG S.A., Zurich Branch Tessinerplatz 5 8002 Zürich	99.81%
Asmare B.V.	Jan Luijkenstraat 8 bg, 1071 CM Amsterdam The Netherlands	96.14%
ATS Assets Mauritius Limited	Registered Office: 5th Floor, Barkly Wharf, Le Caudan Waterfront, Port Louis, Republic of Mauritius	99.81%
Bahia Mineração S/A	Avenida Professor Magalhaes Neto, 1752, 15º Andar Salas 1501 A 1511, Ed. Lena Empresarial, Pituba, Salvador, Ba, 41810-012	99.81%
Bahia Minerals B.V.	Registered Address since 05/03/2015: Jan Luijkenstraat 8 bg, 1071 CM Amsterdam The Netherlands	99.81%
Bashline Investments (Private) Limited	MacDonald House, 10 Selous Avenue, Harare.	99.81%
BEREKE 2004 LLP	Kazakhstan, Ekibastuz city, 1 Depovskaya str.	98.81%
Boss Mining Société par actions simplifiée (SAS)	Registered Office and Physical Address: 238 Route Likasi, Commune Annexes, Lubumbashi, Democratic Republic of Congo	69.87%
CAMEC Finance Limited	Registered & Physical Address: 2nd Floor, 16 St. James' Street, London, SW1A 1ER, United Kingdom	99.81%
Camec Guinea SA	Conakry, Republic of Guinea	99.81%
Camec Kenya Limited	LR. No. 209/6921, 5th Floor, ICEA Lion Centre, Riverside Park West Wing, Chiromo Road, Westlands, P.O. Box 10643-00100, Nairobi, Kenya	99.81%
Camecsa (Pty) Limited	Registered Address: The Reserve, 54 Melville Road, Illovo, Johannesburg, 2196	99.81%
Camrose Resources Limited	Trident Chambers P.O. Box 146 Road Town Tortola VG 1110 British Virgin Islands	99.81%
Cargo Carriers International Hauliers (Pvt) Limited	1 Clivedon Close, Highlands, Harare, Zimbabwe	99.81%
Central African Mining and Exploration Company (Namibia) (Pty) Limited	Physical Address: 12th Floor, Sanlam Centre, 145 – 157 Independence Avenue, Windhoek, Namibia. Postal Address: PO Box 2558, Windhoek, Namibia	99.81%
Central African Tantalum Limited	Registered & Physical Address: 2nd Floor, 16 St. James' Street, London, SW1A 1ER, United Kingdom	99.81%
Chambishi Metals Plc	Registered and Physical Address: Chingola Road, Opposite Chambishi Township Turn-Off, Subdivision L & M, of Lot 10/M, Chambishi, Zambia	89.83%
Compagnie Miniere de Sakania Société à responsabilité limitée (Comisa Sarl)	Registered Office and Physical Address: 238 Route Likasi, Commune Annexes, Lubumbashi, Democratic Republic of Congo	99.81%
Congo Cobalt Corporation Société à responsabilité limitée (CCC Sarl)	Registered Office and Physical Address: 238 Route Likasi, Commune Annexes, Lubumbashi, Democratic Republic of Congo	99.81%
Congo Mineral Developments Limited	Trident Chambers P.O. Box 146 Road Town Tortola VG 1110 British Virgin Islands	99.81%
Costispace (Pty) Limited	Registered Address: The Reserve, 54 Melville Road, Illovo, Johannesburg, 2196	99.81%
Dezita Investments Limited	Nemours Chambers PO Box 3170 Road Town Tortola British Virgin Islands	99.81%
Dezita Investments Société à responsabilité limitée (Sarl)	Registered Office and Physical Address: 238 Route Likasi, Commune Annexes, Lubumbashi, Democratic Republic of Congo	99.81%
EEC JSC	140100, 31 Naberezhnaya str., Aksu city, Pavlodar region, Kazakhstan.	98.21%
Eire Mineração Limitada	Avenida Professor Magalhaes Neto, 1752, 15º Andar, Sala 1501, Pituba, Salvador, Ba, 41810-012	99.81%
ENRC Africa 1 Limited	Registered & Physical Address: 2nd Floor, 16 St. James' Street, London, SW1A 1ER, United Kingdom	99.81%
ENRC Africa BV	Jan Luijkenstraat 8 bg, 1071 CM Amsterdam The Netherlands	99.81%
ENRC Africa Holdings Limited	Registered & Physical Address: 2nd Floor, 16 St. James' Street, London, SW1A 1ER, United Kingdom	99.81%
ENRC Congo B.V.	Jan Luijkenstraat 8 bg, 1071 CM Amsterdam The Netherlands	99.81%
ENRC Finance Limited	5th Floor, 6 St Andrew Street, London, United Kingdom EC4A 3AE	99.81%
ENRC Kazakhstan, LLP	Republic of Kazakhstan 010000 Astana city, 30 A Kabanbay Batyra avenue	99.81%
ENRC Leasing B.V.	Jan Luijkenstraat 8 bg, 1071 CM Amsterdam The Netherlands	99.81%
ENRC Logistics BV	Jan Luijkenstraat 8 bg, 1071 CM Amsterdam The Netherlands	99.81%
ENRC Logistics LLP	050020, 291/3A Dostyk Avenue, Almaty, Kazakhstan.	99.81%
ENRC Mamatwan (Pty) Limited	Registered Office: Zeelie Office Park, 381 Ontdekkers Road, Florida Park, Extension 3, Roodepoort, 1709	99.81%

Subsidiary Name	Registered Address	Proportion of capital held
ENRC Management (South Africa) (Pty) Limited	Registered Address: The Reserve, 54 Melville Road, Illovo, Johannesburg, 2196	99.81%
ENRC Management Limited	5th Floor, 6 St Andrew Street, London, United Kingdom EC4A 3AE	99.81%
ENRC Manganese (Pty) Limited	Registered Address: The Reserve, 54 Melville Road, Illovo, Johannesburg, 2196	73.86%
ENRC Manganese Holdings Limited	Trident Chambers P.O. Box 146 Road Town Tortola VG 1110 British Virgin Islands	99.81%
ENRC Marketing (Africa) DMCC	Unit No. 1501, Saba Tower 1, Plot No. E3, Jumeirah Lake Towers PO Box 17674 Dubai United Arab Emirates	99.81%
ENRC Marketing Africa AG	Company Address: Balz Zimmermann-Strasse 7 8302 Kloten Postal Address: Postfach 8058 Zurich-Flughafen	99.81%
ENRC Marketing AG	Company Address: Balz Zimmermann-Strasse 7 8302 Kloten Postal Address: Postfach 8058 Zurich-Flughafen	99.81%
ENRC Marketing LLC	Bolshoy Kislovsky Pereulok, 9, 5th floor Moscow, Russian Federation, 125009	99.81%
ENRC Mozambique Limitada	Rua da Mukumbura, no 434, Distrito Urbano 1, Maputo Cidade, Mozambique	99.81%
ENRC PMZ LLP	Republic of Kazakhstan, Pavlodar, Pavlodar, ул. Lomova str, 180. Index 140013	99.81%
ENRC Switzerland LLC	c/o Pestalozzi Rechtsanwälte AG Löwenstrasse 1, CH-8001 Zürich, Switzerland	99.81%
ENRC Treasury – Africa Limited	Suite 2004 Level 2, Alexander House, 35 Cybercity, Ebene, Mauritius	99.81%
Enya Holding B.V.	Jan Luijkenstraat 8 bg, 1071 CM Amsterdam The Netherlands	99.81%
Eurasian Group, LLP	Republic of Kazakhstan 010000 Astana city, 30 A Kabanbay Batyra avenue	100.00%
Eurasian Natural Resources Corporation Limited	5th Floor, 6 St Andrew Street, London, United Kingdom EC4A 3AE	99.81%
Eurasian Natural Resources Corporation NV	Jan Luijkenstraat 8 bg, 1071 CM Amsterdam The Netherlands	99.81%
Eurasian Resources Group BV	Jan Luijkenstraat 8 bg, 1071 CM Amsterdam The Netherlands	100.00%
Eurasian Resources Group Sàrl	9, Rue Ste Zithe L-2763 Luxembourg	Ultimate holding company
Eurasian Resources Trade House LLP	Republic of Kazakhstan 010000 Astana city, 30 A Kabanbay Batyra avenue	100.00%
Exploracoes Mineiras de Mocambique Limitada (EMM)	Maputo Cidade, DISTRITO URBANO 5, Bairro do Chamanculo., Av. De Mozambique, no 554 R/C	99.81%
Frontier Operations Zambia Limited	Registered Office: The Globe Building, Plot No. 2386 Longolongo Road, Fairview, Lusaka, Zambia	99.81%
Frontier Société Anonyme (SA)	Registered Office and Physical Address: 238 Route Likasi, Commune Annexes, Lubumbashi, Democratic Republic of Congo	94.82%
Goantagab Tin and Tantalum Company (Pty) Limited	Physical Address: 12th Floor, Sanlam Centre, 145 – 157 Independence Avenue, Windhoek, Namibia. Postal Address: PO Box 2558, Windhoek, Namibia	74.86%
Gough Aviation (Pty) Limited	Registered Address: The Reserve, 54 Melville Road, Illovo, Johannesburg, 2196	99.81%
Kazakhstan Aluminium Smelter JSC	The Republic of Kazakhstan, Pavlodar, ul.Stalevarov 24	99.81%
Kazsoda LLP	140013 Pavlodar city, Aluminium of Kazakhstan, JSC	99.81%
Kolwezi Investment Limited	Nemours Chambers PO Box 3170 Road Town Tortola British Virgin Islands	99.81%
La Compagnie de Traitement des Rejets de Kingamyambo Société Anonyme (Metalkol SA)	Registered Office and Physical Address: 238 Route Likasi, Commune Annexes, Lubumbashi, Democratic Republic of Congo	69.87%
La Congolaise Des Mines et de Developpement Société à responsabilité limitée (Comide Sarl)	Registered Office and Physical Address: 6 Avenue Industrielle, Commune de Kampemba, Lubumbashi, Province Katanga, Democratic Republic of Congo	99.81%
Lefever Finance Limited	Trident Chambers P.O. Box 146 Road Town Tortola VG 1110 British Virgin Islands	99.81%
Mali Mineral Resources SA	Registered & Physical Address: Hamdallaye ACI 2000 Immeuble Hamary DEMBELE, 2ème étage BP.E 25, Bamako Mali	79.85%
Mamatwan Manganese (Pty) Limited	Registered Address: The Reserve, 54 Melville Road, Illovo, Johannesburg, 2196	50.90%
Menwood Trading (Pvt) Limited	71 Woolwich Road, Willowvale, Harare, Zimbabwe	99.81%
Metallurg, LLP	111500 Kazakhstan, Kostanay region, Rudny city, Industrial zone	99.81%
Mineração Minas Bahia S.A.	Rua Pernambuco 1000 Sala: 601 Parte A; - Funcionarios Cep.: 30130151 Belo Horizonte/Mg Brazil	99.81%
Mineração Peixe Bravo S/A	Rua Pernambuco 1000 Sala: 601 Parte A; - Funcionarios Cep.: 30130151 Belo Horizonte/Mg Brazil	99.81%
Mozambique Coal Limited	Registered and Trading Address: Minerva Fiduciary Services (Mauritius) Limited Suite 2004 Level 2, Alexander House, 35 Cybercity, Ebene, Mauritius	99.81%
Pacific East Company Limited	Suite 8, Third Floor, Capital City Bldg, Independence Avenue, Victoria, Mahe, Seychelles	99.81%
Pedra Cinza Mineração Limitada	Professor Avenue Magalhães Neto, 1752, 15 Floor, Room 1502, Pituba, Salvador, Ba, 41810-012, Brazil	99.81%
Remput LLP	Legal Address: Kazakhstan, 050057, Almaty, 76/109 Abay avenue, office 400	99.81%
Rubio Holdings Limited	Trident Chambers P.O. Box 146 Road Town Tortola VG 1110 British Virgin Islands	99.81%
SA Fluorite (Pty) Limited	Registered Address: The Reserve, 54 Melville Road, Illovo, Johannesburg, 2196	50.90%
Sabot Holding SA (Pty) Limited	Registered Address: 107-108 EP Malan Road, Cnr Constantia Avenue, Pomona Estate, Kempton Park, 1620	99.81%
Sabot Holdings Zambia Limited	Registered Address: 3rd Floor, Mpile Office Park, 74 Independence Avenue, Lusaka, Zambia	99.81%

Subsidiary Name	Registered Address	Proportion of capital held
Sabot Management Limited	**Registered Address:** Oliaji Trade Centre, 1st Floor, Victoria, Mahe, Scychelles	99.81%
Sabot Properties Limited	Plot No BE 200, Johnstone Road, Blantyre 3, Malawi P.O. Box 786, Blantyre, Private Bag 405, Lilongwe 4	99.81%
Sabot Properties Zambia Limited	Registered Address: 3rd Floor, Mpile Office Park, 74 Independence Avenue, Lusaka, Zambia	99.81%
Sabot SA (Pty) Limited	**Registered Address:** 107-108 EP Malan Road, Cnr Constantia Avenue, Pomona Estate, Kempton Park, 1620	99.81%
Sabot Zambia Limited	Registered Address: 3rd Floor, Mpile Office Park, 74 Independence Avenue, Lusaka, Zambia	99.81%
Sarya Arka Spetskoks JSC	100019, Kazakhstan, Karaganda city , Kazybek bi district , 7 Rynochnaya street.	96.14%
Shubarkol Komir, JSC	Kazakhstan, 100004, Karaganda region, 18 Asfaltnaya str.	96.14%
Société D'Exploitation Des Gisements De Kalukundi (Swanmines) Société par actions simplifiée (SAS)	No. 30, Route Du Golf, Commune et Ville Lubumbashi, Lubumbashi, DRC	47.68%
Sofdlex Investments (Pvt) Limited	MacDonald House, 10 Selous Avenue, Harare.	99.81%
South Africa Coal Limited	**Registered and Trading Address:** Minerva Fiduciary Services (Mauritius) Limited Suite 2004 Level 2, Alexander House, 35 Cybercity, Ebene, Mauritius	99.81%
South East Africa Coal Holdings Limited	**Registered office address and street address:** Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH	99.81%
South East Africa Mining Limited	**Registered office address and street address:** Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH	99.81%
Southern Palace Investments 398 (Pty) Limited	**Registered Address:** The Reserve, 54 Melville Road, Illovo, Johannesburg, 2196	73.86%
SSGPO JSC	111500 Kazakhstan, Kostanay region, Rudny city, Lenina 26 str.	97.96%
Stanberry Investments (Pvt) Limited	Suite 4, Survey House, 101 Park Lane, Harare	89.83%
TNC Kazchrome, JSC	Republic of Kazakhstan, 030008 Aktobe region, 4 A Mametova str.	98.12%
Todal Mining (Private) Limited	**Registered & Physical Address:** 18 Kenilworth Road, Highlands, Harare, Zimbabwe	59.89%
Transcom LLP	050020, Kazakhstan, Almaty, 291/2A Dostyk avenue	99.81%
Transremvagon LLP	Kazakhstan, Rudny city, Zheleznorudnaya station.	99.81%
Transystema LLP	050020, Kazakhstan, Almaty, 291/2A Dostyk avenue	99.81%
Zambezi Coal (Pty) Limited	**Registered Address:** The Reserve, 54 Melville Road, Illovo, Johannesburg, 2196	99.81%
Zambezi Coal Management Services (Pty) Limited	**Registered Address:** The Reserve, 54 Melville Road, Illovo, Johannesburg, 2196	99.81%
Zhana Temir Zhol LLP	Legal Address: Kazakhstan, 050057, Almaty, 76/109 Abay avenue, office 202	99.81%
TOO RemZholService	Legal Address: Kazakhstan, 050026, Almaty, 128 Kozhamkulov str. Actual address: 050020 Kazakhstan, Almaty 291/3A Dostyk avenue	99.81%
Sokolovka LLP	Kazakhstan, Kostanay, Rudny city, street 40 years of October, the house 45, the Index 111500.	99.81%
Xinjiang Hengfa Xinlong International Trade Co, Ltd	Xinjiang, Urumqi, South Street, Beijing International Center №416 Inke, building №1 29A	99.81%
ENRC Business and Technology Services UK LTD	5th Floor 6 St Andrew Street, London, United Kingdom, EC4A 3AE	99.81%
ENRC Marketing Kazakhstan LLP	Republic of Kazakhstan 010000 Astana city, 30 A Kabanbay Batyra avenue	99.81%
Credit Partnership ENRC Credit LLP	Republic of Kazakhstan 010000 Astana city, 30 A Kabanbay Batyra avenue	98.11%
ENRC Komek (Corporate Fund)	Republic of Kazakhstan 010000 Astana city, 30 A Kabanbay Batyra avenue	99.81%
ENRC Business & Technology Service LLP	Republic of Kazakhstan of Kazakhstan , Astana, Syganak 29	99.64%
Ismet Company LLP	Kazakhstan, Pavlodar, Lomov str, 180	98.44%
Kazchrome Aviation Limited	P.O.Box 637 The Valley Anguilla	99.81%
Scientific-research engineering center ERG LLP	Republic of Kazakhstan 010000 Astana city, 30 A Kabanbay Batyra avenue	99.81%
Serov Ferroalloy Plant JSC	1 Ulitsa Nakhabina, Serov, Sverdlovskaya Oblast, Russian Federation	99.81%
Industrial Metals LLC	52 Naberezhnaya Kosmodamianskaya, building 4, floor 4, Riverside Towers Business Centre, Moscow, Russian Federation	99.81%
Serov Metalconcentrate Works JSC	1 Ulitsa Nakhabina, Serov, Sverdlovskaya Oblast, Russian Federation	99.81%
Saranovskaya Mine "Rudnaya" JSC	25 Ulitsa Lenina, Poselok Sarany, Gornozavodsky Raion, Permskaya Oblast, Russian Federation	98.73%

Joint Venture Name	Registered Address	Share held
KS Holding Group Sàrl	25C, boulevard Royal L-2449 Luxembourg	25.00%
Taurus Gold Limited	3076 Sir Francis Drake's Highway, Road Town, Tortola, BVI, VG1110	34.83%
Xinjiang Asmare Coking Coal Co., Ltd	Rm.608, Yinxing Hotel, Qital Rd., Shayibake Dist. Wulumuqi, Xinjiang, 830000 China	67.42%

Not included in the consolidation of Eurasian Resources Group S.à r.l. for the year ended 31 December 2014.

Subsidiary Name	Registered Address	Proportion of capital held	Reason not included
Africo Resources (B.C.) Limited	1111 West Georgia Street, Vancouver, British Columbia, V6E 4M3, Canada	99.81%	Immaterial
Africo Resources (DRC) Société à responsabilité limitée (Sarl)	**Physical Address (Headquarters):** No. 39, Avenue Lofoi, Quartier Golf, Commune de Lubumbashi, Democratic Republic of Congo	Proportion of capital held by ERG	Immaterial
Akzhar-chrome , LLP	Kazakhstan , Aktobe region, Chrometau district, Chrometau city, 2 Okraina str.	99.81%	Immaterial
Blue Narcissus Limited	Trident Chambers P.O. Box 146 Road Town Tortola VG 1110 British Virgin Islands	99.81%	Immaterial
Camec Marketing Limited	Mason, Hayes & Curran 6th Floor, South Bank House, Barrow Street, Dublin 4	99.81%	Immaterial
Cofiparinter – La Compagnie Financiere de Participations Internationales S.A.	**Registered Office:** 3A, Boulevard du Prince Henri, L – 1724, Luxembourg	99.81%	Immaterial
Cofiparinter Limited	Mossack Fonseca & Co (BVI) Limited P O Box 3136, Road Town, Tortola, BVI	99.81%	Immaterial
Daletona Properties Limited	Trident Chambers P.O. Box 146 Road Town Tortola VG 1110 British Virgin Islands	99.81%	Immaterial
Denzilton Investments (Pvt) Limited	1 Clivedon Close, Highlands, Harare, Zimbabwe	99.81%	Immaterial
Donskaya Neftebaza JSC	Aktobe region , Chrometau city, 12 Okraina str.	77.47%	Immaterial
DRC Resources Holdings Limited	**Registered Office:** Cains Fiduciaries Limited Fort Anne, Douglas, Isle of Man IM1 5PD	99.81%	Dormant
Energo-2007, LLP	111500 Kazakhstan, Kostanay region., Rudny city, industrial zone	99.81%	Immaterial
ENRC Management (Congo) Limited	Trident Chambers P.O. Box 146 Road Town Tortola VG 1110 British Virgin Islands	99.81%	Immaterial
ENRC Services (Congo) Limited	Trident Chambers P.O. Box 146 Road Town Tortola VG 1110 British Virgin Islands	99.81%	Immaterial
Forcenage Investments (Pvt) Limited	1 Clivedon Close, Highlands, Harare, Zimbabwe	99.81%	Immaterial
Fortis LLP	111500 Kazakhstan, Kostanay region., Rudny city, Inustrial zone	99.81%	Immaterial
Gornyak LLP	111500 Republ of Kazakhstan, Kostanay region., Rudny city 1 Mira str.	99.81%	Immaterial
Highwind Properties Limited	Trident Chambers P.O. Box 146 Road Town Tortola VG 1110 British Virgin Islands	99.81%	Immaterial
Interim Holdings Limited	Trident Chambers P.O. Box 146 Road Town Tortola VG 1110 British Virgin Islands	99.81%	Immaterial
Just Wise Trading 31 (Pty) Limited	**Registered Address:** The Reserve, 54 Melville Road, Illovo, Johannesburg, 2196	99.81%	Dormant
Khromtau Brick Factory LLP	Aktobe region, Chrometau district, Chrometau city ,Industrial Zone, Okraina str, section 2	99.81%	Immaterial
Kigala Multinational Limited	Nemours Chambers PO Box 3170 Road Town Tortola British Virgin Islands	99.81%	Immaterial
Kinsankala Mining Corp.	1111 West Georgia Street, Vancouver, British Columbia, V6E 4V3 Canada	99.81%	Immaterial
Lotos Aktobe LLP	030015 Aktobe city, Industrial zone 312 Strelkovoy Divizii, str.	99.81%	Immaterial
Malprey Investments (Pvt) Limited	71 Woolwich Road, Willowvale, Harare, Zimbabwe	99.81%	Immaterial
Molservice. LLP	Bishkul village, 43 Sportivnaya str. Kyzylzhar District	99.81%	Immaterial
P.O. Martins Properties (Pvt) Limited	7 Normandy Road, Alexander Park, Harare, Zimbabwe	98.81%	Dormant
Pareas Limited	Trident Chambers P.O. Box 146 Road Town Tortola VG 1110 British Virgin Islands	99.81%	Immaterial
Pesmec Enterprises (Private) Limited	17083 Wathog Close, Barrowdale, Harare, Zimbabwe	98.81%	Dormant
PMZ JSC	Kazakhstan, Pavlodar region, Pavlodar city, 180 Lomova sreet	99.81%	Immaterial
Rassvet LLP	111500 Kazakhstan, Kostanay Region, Rudny city, 49 Parkovaya Street	99.81%	Immaterial
Ringmaster Trade and Invest 38 (Pty) Limited	**Registered & Physical Address:** 54 Melville Road, The Reserve, First Floor, East Wing, Illovo, 2196	99.81%	Immaterial
Rokesly International Limited	Trident Chambers P.O. Box 146 Road Town Tortola VG 1110 British Virgin Islands	99.81%	Immaterial
Rudnenskaya teploset LLP	111500 Kazakhstan, Kostanay region., Rudny city , Industrial zone	99.81%	Immaterial
Sabot DRC Société à responsabilité limitée (Sarl)	**Registered Office and Physical Address:** 238 Route Likasi, Commune Annexes, Lubumbashi, Democratic Republic of Congo	99.81%	Immaterial
Sabot Holdings Limited	Plot No BE 200, Johnstone Road, Blantyre 3, Malawi P.O. Box 786, Blantyre, Private Bag 405, Lilongwe 4	99.81%	Immaterial
Sabot Limited	Plot No BE 200, Johnstone Road, Blantyre 3, Malawi P.O. Box 786, Blantyre, Private Bag 405, Lilongwe 4	99.81%	Immaterial
Sabot Management Holdings Limited	International Trust Building, P.O Box 659, Road Town, Tortola, British Virgin Islands	99.81%	Immaterial
Sabot Properties SA (Pty) Limited	**Registered Address:** 107-108 EP Malan Road, Cnr Constantia Avenue, Pomona Estate, Kempton Park, 1620	99.81%	Immaterial
Service LLP	111500 Kazakhstan, Kostanay region., Rudny city ,9 Stroitelnaya	99.81%	Immaterial
Simplex Holding Société à responsabilité limitée (Sarl)	**Registered Office and Physical Address:** Avenue des Roches, Quartier Golf, Commune de Lubumbashi, Democratic Republic of Congo	99.81%	Immaterial
Someden Investments (Pvt) Limited	9B Ridgeway South, P O Chrisipite, Harare, Zimbabwe	98.81%	Dormant
Swanex Zambia Pty Limited	Registered Office: BDO Lusaka Unit B, Counting House Square, Thabo Mbeki Road, Lusaka, Zambia	99.81%	Immaterial
TransRudnyAuto LLP	111500 Kazakhstan, Kostanay region., Rudny city , Industrial zone	99.81%	Immaterial